

In This Issue

OPENING the magazine this month is a new department in which the Editor and the Reader share the honors of joint authorship. We are living in a period of controversy and uncertainty, to match which one would need to go back to that period of the Great War which preceded our own plunge. As a consequence the Editor's mail bag these days is as full of pleasant surprises as a Christmas stocking. Turn to page 4 for a glimpse while the Editor holds the bag wide open.

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• • A RAPID rise in gasoline taxes arouses the petroleum industry. One barrel of crude oil selling for \$1 pays taxes of \$1.32 (on the average) upon its gasoline and lubricating oil content. Read what Axtell J. Byles has to say about it (page 31), though you may have heard him express these same views in a recent radio address under the auspices of the Public Affairs Council. Mr. Byles, now president of the American Petroleum Institute, was until recently head of the Tidewater-Associated Oil Company.

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SEPTEMBER, 1934

REVIEW* OF REVIEWS AND WORLD'S WORK

Edited by ALBERT SHAW

The Progress of the World

The Public Is Beginning to Wonder, 17 . . . Is Uncle Sam's Paternal Hand Still Helpful? 17 . . . Objectionable Features of NRA, 18 . . . Interference with Capital, Labor and Farmer, 18 . . . Uncle Sam Unfitted to Act As Business Man, 20 . . . The Voter Must Not Be Fooled! 20 . . . State Banks—The Gift of Andrew Jackson, 49 . . . Unified Banking Hard to Attain, 49 . . . Blundering At Every Crisis, 50 . . . The Rise and Fall of Nations, 50 . . . Adjusting Monetary Standards, 51 . . . Germany Loses a President, 51 . . . Hitler Tests His Strength, 51 . . . Disarmament Prospects Fade, 52 . . . Bigger Navies in Sight, 52 . . . Aviation Widens Frontiers, 52.

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Published by

THE REVIEW OF REVIEWS CORPORATION, 233 Fourth Avenue, New York City

ALBERT SHAW, President; ALBERT SHAW, JR., Secretary and Treasurer

TERMS:—Monthly, 25 cents a number, \$3.00 a year, two years \$4.50. Entered at New York Post Office as second-class matter April 27, 1934, under Act of March 3, 1879. Additional entry at Dunellen, N. J. Printed in the United States of America. The REVIEW OF REVIEWS AND WORLD'S WORK is on file in public libraries everywhere, and is indexed in the Reader's Guide to Periodical Literature.

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Volume XC

Number Three

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Volume XC

Number Three

How Can I—a Business Man—Really Learn Law at Home?

YOU are not alone in asking that question. Practically every man has seen where knowledge of law would have helped his success. The entire structure of business is held together by contracts and legal relations—and the man who knows law has a distinct advantage—for himself and his firm.

Again, countless occasions arise outside of the office—rental leases, life insurance, inheritance questions, domestic affairs, taxes and trust agreements are but a few—on each of which you may stand to lose unless you know something of law.

Again, the study of law, legal training, gives you what the business world prizes highly and rewards liberally—a keen analytical mind, the ability to judge shrewdly and to act quickly and with confidence.

But whether you want law for personal and business values, or whether you intend to prepare for a bar examination, the same problem confronts you. How can you acquire that knowledge?

You can't go back to school or spend the necessary years in a law office. But there is one road open to you—*home study*—a road, as you know, that some of the greatest leaders of all time have traveled—men like Lincoln, Grant, Disraeli, John Marshall, Coolidge—who mastered this important subject in hours that otherwise would have been wasted.

It can be done, of course—thousands have done it—yet what you want to know is—can you reasonably hope to do it? Will it be worth your time and money? Will it hold your interest, or will you find it drudgery? And—most important of all—will you really benefit by it?

You are quite wise in asking these questions—in holding your decision until they are answered to your complete satisfaction—

And these paragraphs are written with just that purpose—to help you answer your questions so far as LaSalle law training is concerned. Let's get right down to facts.

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etc. Their names and addresses are readily available for your direct investigation.

Second: Out of this twenty-four years' experience in training so many individuals in such varying conditions, LaSalle naturally has worked out, and perfected, the material and methods of teaching law by home study. We have had to meet, and solve, every possible problem. No matter what your situation, your handicap, your education, your needs and desires, etc.—we have already trained successfully some man in similar circumstances.

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Third: Since legal text books are of such great importance in any study of law, the LaSalle Law Library was prepared by more than twenty outstanding law professors—leading teachers in our greatest resident law schools—and three lawyers. Five of these professors—including the editor-in-chief—have been Deans of their schools. One of the editors is now president of a great state university. Also, among the writers of the special lectures supplementing the texts are two U. S. Senators, a former attorney-general of the U. S., and a Supreme Court Justice of the State of New York.

More, these men—in preparing this Library—kept in mind always that it was to be used for home study. They knew it was for men like you—busy men who would study it at night, on trains, in spare moments in offices or stores—men who must find it clear and engaging, yet complete and reliable. So they wrote directly, simply, interestingly. All the material was then organized and edited by the LaSalle staff to give it the tested LaSalle training values.

Incidentally, LaSalle's "American Law and Procedure" is highly valued by lawyers as a condensed, authoritative reference work. In many resident law schools and offices it is the reference work most used by students and lawyers.

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own individual needs. You study under a definite, clear-cut plan involving continual use of the Problem Method, dealing with actual legal problems. Thus you learn by actually handling legal problems, analyzing cases, and making definite legal decisions—not by merely memorizing rules. You will find it fascinating and practical—dealing with many of your own problems.

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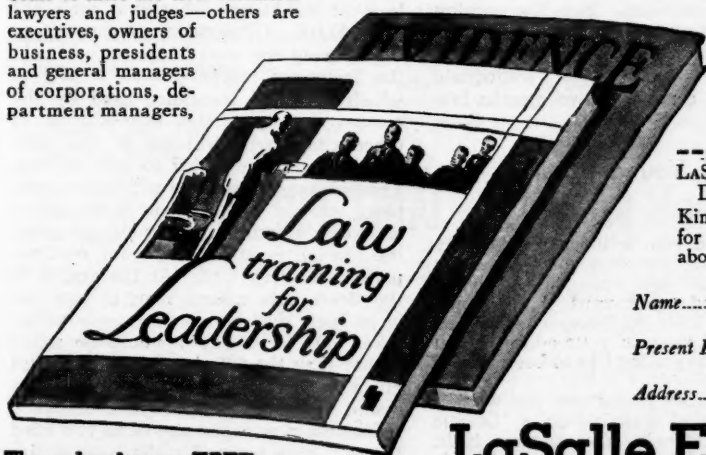
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• • In the Editor's Mail • •

Radical or Conservative?

To the Editor:

I have read your publication singly and combined many years, with profit, but now regret that you find it necessary to swallow Roosevelt and his administration body and breeches and without salt.

What have they done and what are they doing now to aid restoration of prosperity? The President and his high-brow advisers urge manufacturers to put on more men. Do they guarantee customers and against loss? They urge bankers to lend money to any Tom, Dick and Harry, but do they guarantee banks against losing the money of their depositors? Don't you know that the banks are anxious to put out their money, providing they can do so safely? Don't you know that owners of factories are losing millions of dollars upon inactive investments, and that they would cause the wheels of industry to turn immediately if they could be assured of customers?

And who better than the manufacturers know the conditions of trade? One great trouble is that the hostility of the administration, and its support of unionism with all its deviltry, have frightened employers, and they have ample reason to be frightened. Never have I been in favor of capital and always my sympathies have been with the rank and file, but how can a square man favor the rule or ruin policy of unions, which represent only about 25 per cent of the wage earners?

PHILIP ROETTINGER
Cincinnati, Ohio

To the Editor:

You should call the REVIEW OF REVIEWS the Review of the Die-hards. Of all the reading matter one gets to read, your publication is without doubt the dirtiest of all mud-slinging sheets. Such people as you with such narrow-minded ideas are just the people who are bringing on the radical movements, such as Hitlerism and Leninism, and are the cause of millions of unemployed who are now organizing into radical groups.

Roosevelt is more popular in the whole country according to the *Digest* poll, yet such peanut publications as yours go on knocking him. What do you want, anyhow? Another condition such as that when all the banks closed and we were on the verge of revolution? Wall Street, the discarded Republican Party and the slave-driving radicals who brought on this panic should adopt your sheet as their official organ.

L. E. SELLERS
Zanesville, Ohio

Do these two letters suggest that we are successful in presenting an unbiased interpretation of the day's happenings, or just what?

—Ed.

Insurance

To the Editor:

We have read with much interest the very excellent article "How Safe Is My Insurance" which appears in the July issue of REVIEW OF REVIEWS. In view of

the actual record of failures, it seems unfortunate that you should needlessly create an erroneous impression by saying that "a few of the small companies have folded up, etc."

Would it not be more nearly in accord with the facts to say that mere size in itself contributes little or nothing to the safety of the institution, since big companies can fail quite as readily as the smaller ones can and for precisely the same causes? Nobody conversant with the situation believes that the size of the institution involved has anything to do with it.

As an executive of one of the smaller life insurance companies of the country, I cannot refrain from speaking in behalf of that group, many of whom are making outstanding contributions to the institution of legal reserve life insurance and whose policyholders' interests are quite as safe as those of a great many much larger companies.

W. C. SCHUPPEL
Oregon Mutual Life Insurance Co.
Portland, Oregon

We were unhappy, grossly misleading and in other ways culpable when we made the statement in our insurance article that "A few of the small companies have folded up, etc." The implication, as you say, is clearly that small companies are less efficient and more vulnerable than the big companies.

This is distinctly not the case, for insurance is one business in which size has no essential bearing upon the efficiency or the safety of the company. Every insurance company which sells protection is large enough to get the full benefit of the law of averages which makes a business dealing with the most unpredictable of human eventualities, i.e. death, if properly managed, the most certainly conservative.

There is no monopoly on managerial talent and investment judgment, neither of which require size to demonstrate their excellence. The truth is that there are some very good small companies and some that are not so good and precisely the same comment may be made about the larger companies. Size has nothing to do with it and since we implied that it did, we are covered with confusion and hereby make such inadequate amends as a correction two months late can afford.

—Ed.

League of Young Voters

To the Editor:

I have read your editorial in the May issue. During the last few years my major interest has been the study of economics and government. I have come into contact with the League of Women Voters. And now, in your editorial you suggest the very thing I have been thinking about.

That's what we young men and women need—a parallel organization, a "League of Young Voters." You suggest it in your editorial. I have many friends about the country who would back such a movement enthusiastically. They shall

be reached immediately. Perhaps this letter might help to start a worthwhile movement. Are you interested?

A. L. DANFORTH JR.
Ithaca, New York

Policy Loans

To the Editor:

I've been reading your excellent defense of life insurance in the July REVIEW OF REVIEWS, and while I think the points you have raised are well taken, there is one phase of the subject which you did not mention, concerning which I (and a great many other policyholders, as well) am rather "het up" about. I refer to the matter of loans and where the borrower comes off. I wish you would say something about it in another article, or if you prefer, send me a line or two covering my objections.

Let us begin from the beginning. When I pay an annual premium of say \$25 per thousand, it is admitted that a certain part of that \$25 is pure savings, and is not essential for the upkeep of my insurance. For the sake of the argument let us say that \$15 is necessary to carry my straight insurance and that the remaining \$10 goes to my "savings" account. It is this \$10 which the company permits me to borrow. I cannot touch the \$15. Well, in 15 years, I have deposited \$150 in my savings account, against which I may borrow. Suppose I borrow \$100. What happens?

First, the company charges me 6 per cent interest on the amount of my loan—that is, \$6 per annum, and this compounds as long as the loan is unpaid. Second, \$100 is taken off the face of my insurance, so that I am insured for only \$900. Third, I am still compelled to pay an annual premium of \$25 for only \$900 of insurance, and with each year that passes and the loan remains unpaid, my premium plus interest increases whereas the face of the policy has been reduced to \$900.

A. L. WOLBARST, M.D.
New York City

It sounds like a racket, to be sure, but here is the way the insurance companies look at it. Assume that you took out your \$1,000 of insurance at the age of 40. During the next 15 years you paid the insurance company \$250, a part of which was real insurance used by the company to pay the beneficiaries of other chaps who insured at the same time you did but failed to live as long. The balance is a reserve which the company sets up to keep you from paying an excess premium in your old age when the mortality rate among your contemporaries is very high. At the age of 55 the death rate among men of this age is so high that a new insurance policy taken out for a \$1,000 would be much higher than the \$25 rate which you were given at the age of 40. You have borrowed \$150 on your policy.

Suppose now at the age of 55 you tried to get a new policy for the balance, i.e. \$850. The insurance companies will probably quote you a premium on the \$850

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AT OUR EXPENSE, without cost or obligation, will you try this new money-saving plan? Over 112,000 people have already accepted this offer. Free Membership in this new kind of book club now entitles them to obtain books on the Club List first published at \$2.00 to \$3.50—for ONLY \$1.00 EACH.

There is still time for you to get one of these Free Memberships. You do not have to buy any particular number of books. You buy *only* those you really want, *when* you want them. You pay for them *only after* you have examined them. If you **TAKE** nothing you **PAY** nothing. And every book you *do* take means a clear saving.

Good Books by Great Writers

One month the book offered may be a fascinating Biography. The next month it may be absorbing Travel or Adventure, or an outstanding work of Fiction. It is always a book appealing to discriminating readers for its interest, permanent value and literary excellence.

Authors of the books offered in past months have included H. G. Wells, W. Somerset Maugham, Christopher Morley,

Clemence Dane, William McFee, and other best-selling writers.

Every book is a high-grade volume, an edition identical with, or better than, the original. For example, "Rolling Stone," by Lowell Thomas, is printed on fine antique paper, bound in handsome black cloth tastefully stamped in gold. It contains 311 pages.

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Every month (provided you wish it) the postman brings you a good book like this. You pay nothing in advance—nothing to the postman. *You alone* are the judge of whether you wish to keep it. Each book is yours for three days' free reading. Before you pay for it, you first make sure you *want* it. If you **DO**—if you are sure you will enjoy it—then you merely send \$1 for it, plus ten cents for packing and postage.

If, however, any particular book does not appeal, simply return it and pay nothing. Or, if you wish, order any alternate book described in the Monthly Bulletin (sent free to members only). Or you may take no book at all, any month you so prefer. At all times you take *only* the books you want, and pay for *only* the books you keep!

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Send coupon now *without money*. We will send you "Rolling Stone" postage prepaid. Examine and read it. If you like it—keep it and we will bill you at the regular Club price. Each month, then, you may examine the monthly selection. **BEFORE** you remit. But if "Rolling Stone" (or any other book, later on) does not appeal—return it and pay nothing. Could anything be fairer? You take no risk. Mail coupon *without money*—now. DOUBLEDAY ONE DOLLAR BOOK CLUB, Dept. 739 Garden City, N. Y.

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ROLLING STONE

By Lowell Thomas

"Lowell Thomas has traveled so widely that he is an ideal biographer of other men who have gotten off the beaten path, and in Radclyffe Dugmore he has found an ideal subject."
New York Evening Post

Major Arthur Dugmore's adventuring carried him from his Irish castle on the edge of the great bog, to the Mediterranean, the Aegean, Africa, and wherever the winds of chance blew him. His father, a hot-tempered Irish officer, became involved in a peasant uprising, so he resigned his commission, gathered his family, and put to sea where there would be no rent, no taxes.

On the coast of Greece the disabled ship was driven toward the rocks infested with bandits waiting with gleaming knives. In Africa he faced his first lioness with a light shotgun.

To the interior of Russia he went by rail and a springless cart to hunt bustards. This was a prelude to many scientific expeditions to the world's far corners which established Dugmore as a painter and etcher of moment and the first great animal photographer of our time.

At forty-three Dugmore was beginning to think of settling down when the war came. He trained some of the best scouts on the Western Front and his own exploits in scouting during the great Somme offensive will raise the blood pressure of the most hardened reader of war stories.

Rolling Stone contains 311 pages, is handsomely bound, and beautifully illustrated with pictures of wild animals made from photographs and paintings by Major Dugmore.

The New York Sun calls this: "A great book of stirring times. A glance at the table of contents is all that is necessary to assure the reader that Lowell Thomas has once more done what he is famous for doing: he has put the high lights of a man's life story into a fast-moving story, crowded with incident, enriched with descriptions of ports and towns and jungles that bear good witness to the impressive powers of Major Dugmore in catching, as he sails or rides or runs in and out of tight places, the beauties of the earth."

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• "One of the great human documents of our times."
—Robert Nathan

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—Los Angeles Times

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■ Occupation.....

■ If you want our recommendation, please answer these questions:

■ Amount of life insurance now in force.....

■ Total amount premiums paid each year.....

■ Ages of dependents.....

■ Annual Income..... Approximate

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■ Name.....

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■

distinctly higher than the amount you pay on the larger policy taken out 15 years before. If your health is good and the various actuarial rules applied remain unchanged the premium charged for the smaller policy at the more advanced age should theoretically be the same as the premium charged on the thousand dollar policy taken out at the age of 40. The price of greater age is a larger premium for a given policy or a smaller policy for a given premium. The loan has the effect of reducing your policy while maintaining your premium.

The proper way to look at an insurance loan is to consider it as a distinct transaction which has no relation at all to your insurance. Assume that you were borrowing your \$150 from a bank. Surely you would expect to pay 6 per cent interest which would compound just as the interest on your insurance loan does. At death your beneficiary would take \$150 from your thousand-dollar policy and repay the bank, leaving him a net of \$850. Between the time of making the loan from the bank and your death you would continue to pay the original \$25 rate.

In both cases the net amount going to your estate is \$850. In both cases the premium paid on this smaller residuary sum remains \$25. If you substitute the insurance company for the bank, and the insurance company decides as a matter of accommodation to its policy holders to perform a banking function, it does not alter the mathematics of the problem even though it might seem on the surface as though the company were battenning on the distress of its policy holders.

Let me whisper something to you. The insurance companies would have been tickled pink during the depression to have you borrow your funds elsewhere. The trek of impecunious policy holders to insurance cash boxes gave the companies no end of headaches. The loan idea had been intended merely as an emergency accommodation and not as a right to be freely exercised by all the policy holders.

The companies expected their policy holders to wait until their policies matured before receiving cash and had attuned their portfolios as carefully as defective human judgment could to produce the needed amount of cash at the time when their actuaries told them it would be due. To be sure, the companies are not in the business for their health, but we will wager that the losses sustained in converting assets into cash to meet the demands of policy holders for loans far exceeded anything the companies made on those loans. —Ed.

Banks and Bankers

To the Editor:

I am a farmer, and at one time was president of a local bank. I take exception to a paragraph in the recent issue, in which these words are used in listing the incompetent heads of small banks: "Some of them are retired farmers." As though that were conclusive evidence of unfitness!

My observation, extending over a fairly long experience on both sides of the bank counter, leads me to believe

that one of the most important qualifications for the head of a local bank is good judgment as to the character of men and the value of visible securities, rather than a knowledge of bookkeeping and detail work. My opinion is that some retired farmers are better judges of men and securities than some bank clerks who have had no responsibility further than to keep a set of books and obey instructions of men higher up. . . .

I hope you have a system to offer the country that will be better than the one we are operating under, which I for one do not think much of. But the eliminating of retired farmers will not, in itself, go very far, and, though I am a farmer, I would like to know just what you have in view. I do not know much about the requirements of city banks, but I think I do know a little of what the agricultural sections need.

L. A. NUTTING
Laurel, Montana

High Incomes and Low

To the Editor:

It seems to me that a one-sided view of the work of the recent Congress is presented in the article "Six Months Did They Labor" in the August issue. It has become rather flagrantly evident, I think, that many large incomes aren't earned by the recipients, but are obtained from the toil of those over whom the recipients have an economic advantage. In such cases, at least, the twenty-five people Mr. Lawrence mentions may have made it possible for the twenty-sixth person he mentions to receive the income he does receive. If the twenty-five have a part in producing the income, it seems fair, to me, that they should have something to say with reference to its disposal.

Furthermore, as I see it, even though large incomes are earned, if there is a tendency for the earners to administer them for anti-social purposes, (and I think there is that tendency) it is perhaps well, since the welfare of one has come to mean the welfare of all, that the government, even in the ultimate interests of the large income earners, should administer large portions of such incomes for the general welfare.

Mr. Lawrence states that the 1,787 citizens with an income of \$100,000 or more "are probably the ablest citizens in the land." In my judgment, the statement is very much open to question. I should venture to guess that if the statement were submitted to large and general groups of highly trained and intelligent people, it would not be accepted. The high income earners are able, of course, in a way; but whether or not they are outstandingly able as citizens I think is another question.

O. E. TURPIN
Omaha, Nebraska

To Agree or Disagree

To the Editor:

There is so much being written today on every conceivable subject that it is bewildering. After looking over a few tons of it, one comes to the conclusion that most of it is written to fill up space. My suggestion would be to continue to keep the "bunk" out of the REVIEW. I like Dr. Shaw's frankness, and if we do not always agree, at least we know on what grounds we disagree.

WILLIAM M. BYRNE
St. Paul, Minnesota

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The Kidnapped Witness

! THEY HAD PLOTTED to rob this great country house—this shrewd gang of cracksmen. And to make it safer, they had gotten a confederate in as butler only a month before.

Everything went like clock-work. They found the watch-dog killed, the pantry window unlatched, the way to the safe open. But when they pried off the door of the big safe itself, what was their amazement to find inside the dead body of their confederate!

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FROM THE WORLD OF BOOKS

New Books Reviewed for Autumn Readers

Athens to Sparta

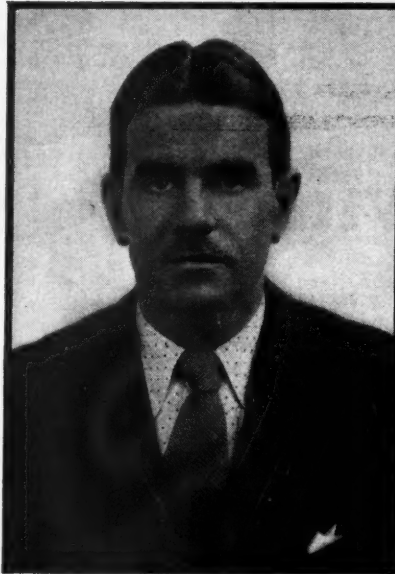
A Biography of the Greek People, by Cecil Fairfield Lavell. Review of Reviews Corporation, 297 pp. \$3.00.

IN HIS OWN HABITAT, Professor Lavell is known and beloved, not only as a stimulating teacher, but more widely as a perennially delightful Chapel-and-Vesper speaker, who can talk about anything from Plato to Alice with the same charming whimsicality, while bringing home to the beguiled mind an unrecognized truth or a fugitive but necessary distinction. In these talks, Platonic "irony" comes to life again in a form simple yet subtle, unobtrusive and compelling. The world seen through a personality becomes a lyric experience.

The spoken and the written word require different techniques, and the artist is rare who possesses equal skill in both. The reader of this book who knows the author has a great advantage: he is fully aware of the personality while his eye follows the text, and he will get many a chuckle of quick recognition that may escape the stranger in these pages. But as much personality as can be conveyed in type is there, and even the stranger will be grateful for such glimpses of it as are vouchsafed him.

Professor Lavell's field of teaching is the History of Thought at Grinnell College, Iowa; and in this volume the development of Greek thought, from the beginnings of Greek culture to the Roman conquest, is central; thought, however, not in the abstract, but in the rich expression, through literature, art, political organization, discovery and adventure, which characterized the brilliant culture of classic Hellas. The reader who is already familiar with ancient Greece will find pleasure in the lucid and kindly humanism of this book, its ripe but unpretentious wisdom, the play of a balanced mind which sees clearly but refuses to dogmatize. For the reader who, like Shakespeare, has "little Latin and less Greek", there is in these three hundred pages a treasure of revelation for which he might otherwise have to search many learned tomes, with illuminating side-lights upon analogies with our modern scene. All readers will be grateful for a luminous and beautiful style, in pleasing contrast with the slovenly or contorted writing of much contemporary literature.—J. S. N.

• • "SPIES AND THE NEXT WAR" (McBride, 311 pp. \$2.50) is written by a "leading civilian authority on professional espionage and military secret service". His name is Richard W. Rowan.



HAMILTON FISH ARMSTRONG

Editor of "Foreign Affairs", is an authority on international politics. He has just written "Europe Between Wars". (Macmillan, 115 pages, \$1.25.)

Old fashioned spies, it seems, were merely "dope-collectors", as in the antediluvian World War. But the modernistic variety are sabotage experts, scientific technicians, poisoners and up-busters extraordinary, skilled in plumbing, bacteriology, propaganda, and combatant-coöperation. Rowan's book is filled with spicy spy anecdotes from 1914-18; and it is readable, as well as plausible and systematic. While his case is weaker than that exposing the abominable international armament racket (whose existence is irrefutable), it has spy-eyed elements of stimulating truthfulness.

Forbidden Land

A Conquest of Tibet, by Sven Hedin. 400 pp. \$5. E. P. Dutton.

SVEN HEDIN knows Tibet and knows it well. For fifty years he has explored the mysterious inner lands of Asia, defying robbers, wolves, storms and hailstorms. He has won the respect of the austere Tibetans themselves. Until Hedin began making his successful journeys into it, Tibet was a forbidden and unknown land. Huge mountain ranges stopped all but the most courageous, and those who got beyond the mountains found their presence undesirable. They were politely and firmly told to go home

and stay there. But Hedin was a Swede and once started he was not in the habit of giving up. He finally got inside Lhasa and Tashi-lumpo where he was the guest of the Tashi Lama, an even holier person than the Dalai Lama. Hedin describes his various adventures in Tibet with a fine eye for human emotions and interests. He understands the differences between the East and West and he enables the reader to sympathize with the motives which govern the lives of the Asiatics. One reads of the Tibetans with a feeling that many of their customs, while strange and barbaric to us, reflect a philosophy that was mature when our own western world was still in swaddling clothes.

Men in Action

Man's Fate, by Andre Malraux. 360 pp. Harrison Smith and Robert Haas, \$2.50.

THE last century was full of men who turned their backs on society and wandered off into the hills to think. Individualists, they found themselves out of step with their times, and they were lucky enough to be able to get away. Thoreau meditated by Walden Pond, Emerson reflected in his Concord study. Longfellow traveled abroad. Henry James went to England to cut a figure among the stuffed shirts of London and never came back. But it is a different story these days; one writer rivals another in his social consciousness and his desire for change. Many go much further. There are even a few loud spoken carpenters of new Utopias who claim that literature is and should be nothing but propaganda serving political ends. Andre Malraux has written a novel of revolutionary China, "Man's Fate", which portrays in present day terms the old question of the individual and his relations with his brothers. Can he be a man apart? Can he remain aloof, for example, when dictators ride roughshod over the masses? The protagonists of "Man's Fate" decided that human dignity could not be maintained without making an effort to destroy mankind's destroyers, even though torture, terror and destruction be their lot. Malraux's novel is an exciting, moving narrative of a dozen men and women involved in the Chinese revolution of 1927.

• • DR. KEMPER SIMPSON does not believe that any nation can be self-sufficient, and he marshals an imposing array of facts to justify this conclusion in his "Introduction to World Economics." Dr. Simpson has been an economist for the United States Tariff (Continued on page 10)

REVIEW OF REVIEWS Weekly Message

A News Service

Covering Washington and New York

BUSINESS

GOVERNMENT

FINANCE

VOL. I. No. 39

JOSEPH STAGO LAWRENCE, Editor

AUGUST 2, 1934

What Will the President Do?

THE NEXT MOVE is up to the President. While the chief executive has been enjoying a much needed rest and an escape from the enervating climate of the capital, recovery has lagged and the New Deal has developed infirmities which demand the vigorous attention of Mr. Roosevelt. It is a curious commentary on the transformation which is taking place in the nation's thinking, during the past year and a half, that a suspension of business progress is placed at once on the doorstep of its political leader as his major responsibility.

Political Responsibility for Economic Matters

There are two very good reasons for this. The first is the nature and assiduous Republic.

and a visiting mother-in-law when the cure of all these ailments had been unequivocally promised by a suave practitioner. It is true he has a charming bedside presence, and a few confidential talks with the patient in his own inimitable fashion may cause the sufferer to forget his distress until after the election.

What the Administration Promised

Yet the responsibility of Dr. Roosevelt and his staff of New Deal laboratory assistants is too serious to be passed off lightly. The party assumed office with a clear-cut, though it must be said voluntary, pledge of recovery. The National Recovery Act crystallized this intent in legislative form. Labor was given a threefold promise of employment, higher wages, and collective bargaining. A year ago the releases from Washington were laden with plans of stabilization, the

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States which have been statesmen in the past. Although the public memory is notoriously short, a fortunate circumstance for it is a bit difficult for the most indulgent

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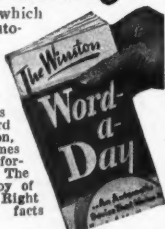
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Continued from page 8

Commission, the Federal Trade Commission, and the Departments of Commerce and Agriculture. He takes up the basic resources, banking systems, surpluses, and manufactures of four leading countries, the United States, Great Britain, France and Germany, and shows the dependence of each of these upon the others for economic health. He declares that no country can be prosperous if its neighbors are losing ground. He takes up protective tariffs and says that the most favored industries are often knocked off their feet most quickly when trouble comes. Recovery, declares the author, can only come through international economic planning, difficult and perplexing though such must be. (Harpers, 295 pp. \$3.50)

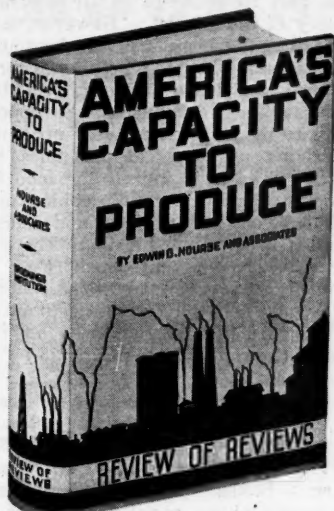
Star Gazer

AN astronomer does not work under an NRA. Long winter nights, when the winds howl about that eerie place which is an observatory, he sits with his eyes on the stars, shivering beneath countless layers of wool and fur, watching distant worlds spin. Edwin Brant Frost, director emeritus of the Yerkes Observatory at Geneva, Wisconsin, has spent all his life at this pursuit and has done remarkable work in astrophysics. Yet his personal life has never suffered from the chill of long vigils in Yerkes. He has a family and a social life which give him great happiness. Today, even though blindness has come upon him, he manages to carry on important work in his profession and to perform useful work for the University of Chicago. Professor Frost grew up in Hanover, New Hampshire, and taught for a while at Dartmouth. He writes simply and well of his faculty friends, his students, and his adventures among the stars in "An Astronomer's Life". Professor Frost has looked at our own planet and found it good; he has looked beyond it and found a purposeful order governing the universe. (Houghton Mifflin, 300 pp. \$3.50)

• • **HAMILTON FISH ARMSTRONG** is the able editor of "Foreign Affairs", a leading American quarterly review. He is a recognized authority on international politics, and his "Europe Between Wars" (Macmillan, 115 pp. \$1.25) is a timely and informative book. Germany, France, the Little Entente, the Balkans, the dictators, and their intra-national problems are objectively analyzed, along with their points of controversy. Mr. Armstrong's predictions are not cheerful. His wise preference for democracy rather than dictatorship is based upon a solid experience in European politics.

• • **THE** "educated layman who has no special knowledge of physics or mathematics, but is nevertheless interested in the broad features of the design of the physical world and particularly in the significance of man's endeavor to understand that design" is the reader for whom Dr. W. F. G. Swann has written "The Architecture of the Universe". And educated laymen will find the book very illuminating in its intelligence and clarity of exposition, its vivid illustrations.

(Continued on page 12)



What the reviewers are saying:

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By DUANE EDWIN FOX

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Continued from page 10
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• • SOCIAL insurance, as a result of hard times, has received more attention during the past four years than in the previous twenty. Those who claimed that it was an unnecessary burden on income producers for the benefit of the incompetent and shiftless have often come to think otherwise of social insurance for accidents, medical care, old age and unemployment. In the "Quest for Security", Dr. I. M. Rubinow takes up the various social insurance plans as they operate abroad and analyzes the results. He himself is committed to no particular plan to end any of the uncertainties characteristic of economic life today. He presents the different arguments for and against various types of insurance, quoting various opinions as well as figures. An authoritative book on a timely subject. (Henry Holt, 630 pp. \$3.50).

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The March of Events

Continued from page 46

(August 4) by the personal efforts of General Johnson, NRA administrator.

Drought, No. 2

For the second time in 1934 lack of rainfall brings disaster to the West.

PROLONGED drought and high temperatures combine to cause widespread damage to crops (July 23) in an area south of the drought region of May and June. The states now affected are Illinois, Iowa, Kansas, Missouri, Oklahoma, Arkansas, and Texas. In Oklahoma day-and-night drilling for water is reminiscent of the oil boom.

RECORD high temperatures bring new misfortune to the drought area (July 24). Chicago reports 105 degrees and St. Louis 110, both highest since 1871. Vinita, Oklahoma, with the thermometer at 117, witnesses the thirty-sixth day with the temperature above 100.

FEDERAL relief in the drought area is estimated (August 4) to include 800,000 persons. Scattered rains have brought relief but no real break in the drought. The corn crop especially has suffered; and lack of fodder has caused the Government to purchase, for slaughter, 2,072,123 cattle in eighteen western states.

DROUGHT damage is estimated by the Federal Emergency Relief Administration (August 6) to equal five billion dollars.

Murder in Austria

A revolt fails, but a dictator loses his life and international complications arise.

CHANCELLOR ENGELBERT DOLLFUSS, Austrian anti-Nazi and anti-Socialist dictator, is killed (July 26) by Austrian Nazis led by a former army sergeant, who momentarily seize the government building. They exact a promise of safe conduct into Germany from Cabinet members held as hostages; but the promise is revoked when Dollfuss dies, and the raiders are imprisoned.

JUGOSLAVIA, through its legation in Berlin, declares (July 30) that "the League of Nations is the only competent authority to decide the Austrian question as an international problem." The statement is interpreted as a warning to Italy not to cross the border with a pacification motive.

KURT SCHUSCHNIGG, Minister of Education, is named Chancellor of Austria (July 30) by President Miklas.

Two Nazi conspirators, among 144 arrested, are hanged in Vienna after trial (July 31). One is Otto Planetta, a disgruntled army sergeant, who fired the fatal shot; the other is Franz Holzweber, also a former sergeant, who commanded the raiders. The last words of each are: "Heil, Hetler!"

Hitler Unbridled

Germany's national hero dies . . . the Dictator assumes an office and abolishes it.

A DOLF HITLER, Chancellor-dictator of Germany since January, 1933, assumes also the office of President upon the death of Hindenberg (August 2). His title will be Der Fuehrer—the Leader—of the German Reich and People. He expresses belief that all authority must proceed from the people and therefore orders a free plebiscite to ratify this "decision of the cabinet".

Politics

Only three months before election; so the political pot is already boiling.

MONTANA voters select candidates for two United States Senate seats (July 17). Senator Burton K. Wheeler is renominated by the Democrats, with former Judge George M. Bourquin the Republican choice. For the remainder of the late Senator Walsh's term the Democrats turn down John E. Erickson, who left the Governor's chair to accept temporary appointment. Successful for the short term are James E. Murray, Democrat, and Scott Leavitt, Republican.

GOVERNOR LANGER of North Dakota—disqualified by the courts after conviction of fraud by a jury—resigns his nomination for a second term, and his wife is designated in his stead.

TENNESSEE Democrats in primary (August 2) renominate Governor Hill McAlister and United States Senator Kenneth D. McKellar. Republicans choose John E. McCall and former Governor Ben W. Hooper for Senator. For a short-term Senate vacancy the choices are: Nathan L. Bachman, Democrat, and Wayne Maddox, Republican.

Obituary

Arthur P. Kellogg, 56. Long associated with the *Survey*. July 21.

John William Hamilton, 89. Dean of the Board of Bishops of the Methodist Episcopal Church. July 24.

Francois Coty. Gaining a fortune in perfumes, he failed as publisher of Paris newspapers. July 25.

Winsor McCay. Political cartoonist and comic strip artist. July 26.

William F. Kirby, 67. Justice of the Arkansas Supreme Court, United States Senator, 1916-21. July 26.

Louis Lyautey, 79. Marshal of France; war-time Minister of War; colonizer and pacificator in Morocco. July 27.

Marie Dressler, 64. Famous actress of motion pictures. July 28.

John L. McLaurin, 74. United States Senator from South Carolina, 1897-1903. July 29.

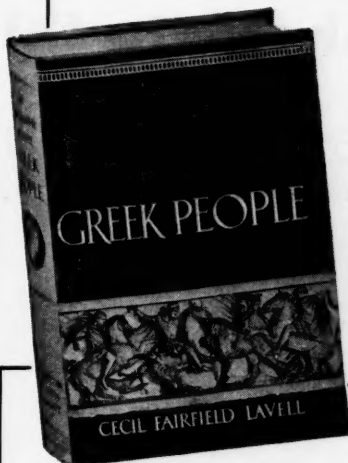
Paul von Hindenburg, 86. Germany's war-time Field Marshal; President of the Republic since May, 1925. August 2.

William S. Vare, 66. Republican boss of Philadelphia; elected to the U. S. Senate in 1926, but barred. August 7.

Herbert Adams Gibbons, 54. Clergyman, foreign correspondent, professor, author. August 7.



Will the Fate of Greece Overtake America?



The New York Times said:

FOR most readers the history of Greece has been a bewildering tangle in which masses of inconsequential details and unimportant matters have obscured the significant outlines and deadened the vital spirit. But the title of this book holds out the hope that within its covers they can find out who the Greeks were, why we should still be so interested in what they did, why their achievements have flashed so splendidly down the centuries, whether or not they deserve their surpassing fame. . . .

Lavell's "biography" portrays the full period of Greek rise and dominance and decline chiefly in terms of intellectual achievement and its shaping, guiding and inspiring influence upon the forms of their civilization and their deathless contributions to the treasures of humanity's mind and spirit. The author has a notable talent for the clarification of material and for effective organization and statement of his exposition. With masses of material before him he quickly grasps the essentials for his purpose and weaves them into a narrative that is wondrously rich in its contents but moderate, restrained and simple in its style.

The Nation said:

PROFESSOR LAVELL'S book is a response to this growing desire to know the past in order to do better with the present. Even to a faithful reader of Greek it is delightful and stimulating. The author's point of view is the result of a combination rarely found, a deep sympathy and wide acquaintance with the working of men's minds in ages long gone by, joined to a keen understanding of the way our minds work in this age here present. Only a few can make a living connection between the two, but they alone can make the past live. . . . It will have a wide circle of readers.

WHO were the Greeks? Their world was tiny, as we know distances, yet the magnificent range and vital power of Hellenic culture has never been paralleled. Why did it fail? Will America face the shipwreck the Greeks were unable to avoid?

What manner of men were they—these Greeks—who in their stride laid the foundations of our vaunted Western civilization? Historians chronicle their kings and wars, ignoring the life and thought of the rank and file—yet in the doing, thinking, contriving of the Greek people themselves—behind the glory that was Greece—lies the rich truth of their amazing fame and influence, a glow across the centuries lighting the destinies of men today. So much that was important in ancient Athens is important still and in—

A Biography of the Greek People by Cecil Fairfield Lavell

—they speak to twentieth-century America with startling clarity. Nothing so brilliantly executed has starred the non-fiction horizon since Wells' *Outline of History* or Durant's *Story of Philosophy*. It holds the promise of a new perspective on human experience. It is trenchant cardinal biography, treating an entire people as Ludwig dealt with Napoleon and Bismarck; a succinct analysis of Greek classical civilization tintured with a delightfully whimsical wit, most telling in the comparative slants on contemporary art and politics, philosophy and religion.

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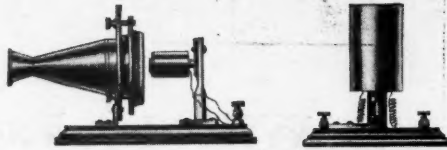
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◦ THE PROGRESS OF THE WORLD ◦

A Growing Bureaucracy

By ALBERT SHAW

The Public Is Beginning to Wonder

EDMUND BURKE once said that it took a matter of fifty years for people in general to understand the bearing of their own immediate policies. These were not his words, but we are expressing his meaning. Our government has entered upon a program of regulation and interference that is consciously affecting the daily affairs of many millions of our citizens. Some people believe themselves benefitted, and are both docile and complacent as they pronounce their continued loyalty to the New Deal. Others believe themselves to be injured, and begin to grow bitter and almost vindictive in their criticisms.

Yet the supposed beneficiaries are by no means a consistent body of adherents. Like Oliver Twist, they ask for more molasses. If they do not get it they grumble against the Master of the Feast, and they are ready to mutiny whenever the opportune moment may come. Under the National Industrial Recovery Act of 1933 many diverse interests were expecting to find their way back to something even better than their former conditions. They were hoping for stability, as well as for reasonable prosperity. For a few months they were greatly reassured. Business showed improvement, to a marked extent. Statistical reports indicated reemployment of workers at the rate of a million a month. Stock market moods were buoyant.

A great "bull market" had set in and Wall Street, which can never understand anything a week in advance, had recovered the gay spirits of 1926-29. These speculative advances culminated within five months after the inauguration of President Roosevelt. A violent reaction set in, with a subsequent year of fluctuations and hopes frustrated, from August 1933 to August 1934. We may indeed be advancing on the way to recovery, but we have not yet found firm, solid ground under our feet. We had been floundering in bogs and swamps, and are still on muddy roads, while we long for the calm, stable uplands of health and safety.

After all, what were we to expect? Certainly the quintessence of the country's wisdom had not been magically concentrated in Washington, merely through the fact that the political weather bureau recorded a change of parties.

These editorial comments are intended to bear upon the issues that are under fair and reasonable discussion in the political campaign upon which we are now entering. We are to vote in November in the states and Congress districts for 435 members of the House of Representatives and for one-third of the members of the United States Senate. The Seventy-third Congress, as elected in November 1932, consisted of 313 Democrats, 117 Republicans, and 5 Farmer-Laborites. Following that election, the Senate consisted of 60 Democrats, 35 Republicans, and 1 member of the Farmer-Labor party. About one-third of the so-called Republicans were western insurgents or Progressives, who seldom acted with the regular Republicans in matters of importance.

There was full and free discussion in the campaign of 1932. Fortunately, the debating will be equally unhampered in this year's contest, and political action will be unrestrained.

Is Uncle Sam's Paternal Hand Still Helpful?

THE PRECEDING remark might, to casual readers, seem rather obvious and commonplace. But more thoughtful citizens will realize that it expresses a fact of profound significance. Only one short year ago we could not have held an election under these conditions of free and deliberate argument. In this statement, if accepted as true, lies the best evidence that the process of "recovery" has been successful. A year ago we were accepting government leadership because action was necessary, and criticism was untimely.

The United States of America is no longer in the emergency hospital. As we remarked last month, the nurses and the internes still suppose that the patient needs their ministrations. To some extent, doubtless they are justified. Full recovery is a goal that we may never attain. The question under dispute is: What part must the Government of the United States continue to play in the national effort to afford remunerative opportunities for all the people?

President Roosevelt could not have taken the month of July 1933 for a vacation voyage to the West Indies, the Panama Canal, the western seaboard of the United States, and the enchanted islands at the crossroads of

the Pacific. He was commanding new activities of immense scope and range during his first presidential summer, and he was needed in Washington. But he could take this vacation without anxiety and without the neglect of any public duty in July 1934.

There are heavy burdens yet to be borne; and for millions of individuals, as also for thousands of communities, there are hard and painful roads to travel. But we ought not to be so lacking in what Edmund Burke called "the capacity for comparing and digesting what passes before our eyes" that we must wait half a century in order to recognize one simple fact, namely, that the crisis of the first half of 1933 had reached its end with the completion of the work of the Seventy-third Congress, during the first half of 1934. We still have our troubles, and our hard times. But crisis, emergency, are gone.

Our wrecked and stranded banking system has been patched up and set afloat. It will serve practical purposes and allow ample time for the construction of something better. The financial convulsions of Europe threw England off the gold standard, and our own bank panic, of necessity, changed the character of our monetary system.

We are of opinion that a full vote of the American people on this one subject (money) would uphold the steps taken thus far in our new, experimental policies. Since Mr. Roosevelt was, in fact, confronted by an almost irresistible demand for currency inflation, he could not be guided by theory alone. He was compelled to make decisions in the outdoor weather of realities. This remark applies also to the weird silver purchase program to which the President agreed.

Objectionable Features of NRA

THE NATIONAL Industrial Recovery Act conferred unexampled powers upon the Administration. This measure was temporary, and the grant of authority was for a limited, specified term. The new Congress, to be elected in November and to assemble early in January, will have to decide what to do with the NRA. Already that vociferous and aggressive department of Mr. Roosevelt's emergency government has begun to change its methods.

Beginning somewhat cautiously, with arrangements to encourage business, the NRA rapidly assumed airs of dictatorial authority, such as Mussolini would never have dared to attempt in Italy. The Act itself permitted the suspension of the anti-trust laws, and provided for the regulation of wages and conditions of employment. Whether rightfully or otherwise, the country was soon led to believe that the NRA had formed a close partnership with a certain private interest known as the American Federation of Labor, and had gone out on a fantastic adventure. That obsolescent tyranny known as the "closed shop" was to be forced upon great American industries, in which capital and labor had learned how to deal successfully with one another.

The American Federation was too eager, however, and too self-assured. It overplayed its part. Hand in hand with the NRA, it had set forth to gain complete control of American industry, and its object was nothing short of unlimited political domination, with 20,000,000 paying members. There is no conclusive proof that the NRA was fully committed to the reckless and dangerous program of the American Federation.

In any case, we may consider that the NRA, as a hell-roaring crusade, menacing the freedom of the press, controlling radio broadcasts, and threatening to "crack down" upon employers great and small who had incurred its displeasure, has shot its bolt and has retired from the field of action.

The publicity stunts of the NRA have been highly detrimental to its usefulness. It is the only branch of the emergency government that has tried to seize the stage and run a continuous-performance show. Its major mistake lay in its belief that the propaganda methods of 1917-18 could change the national mood and clear away the heavy clouds of depression in 1933-34. This is not to belittle or disparage General Hugh S. Johnson. It takes amazing courage for a private person to assume the rôle of a public character in the presence of a hundred and twenty-five million people, and to set up a personal management of their private affairs. It was the more astonishing because this vast population was composed of individuals who had, for the most part, never before been thus regimented and bossed.

Interference with Capital, Labor and Farming

THE GREAT WAR had given everybody profitable jobs—except the soldiers, who had nothing to say about it. But Hugh Johnson has not been dealing with another war. Rather, he has been faced with conditions of a precisely opposite character. The war period was one of high wages and seeming prosperity. But a season of business depression naturally calls for extra hard work, extra long hours, abnormally low wages, and unusually low prices for commodities.

Some weeks ago General Johnson announced that the NRA henceforth would have to be handled by a commission or a board rather than by a single dictator. This was a wise decision on his part. Millions of people are still unemployed, because hundreds of thousands of employers are unable to pay high wages. Millions of stockholders are receiving no dividends upon their investments; and in their capacity as consumers they are not able to pay high prices for commodities. Under the influence of salaried labor leaders and trades-union attorneys, reinforced by a number of inexperienced professors, the Roosevelt administration may have been too self-confident in adopting a set of views and principles relating to labor and capital.

They have not seemed to understand at Washington that a householder who lacked income enough to pay his taxes would have to postpone painting and other repairs, if he had to pay union wages of from ten to twenty dollars a day. Last month many small job-printing establishments renounced their Blue Eagles because they could not pay wages on the union scale prescribed in the printers' code. NRA plus strikes could close shops, but could not compel employers to resume business on losing terms.

With its elaborate system of labor boards, arbitrators and mediators, the NRA has been trying for many weeks past to deal with the epidemic of violent and dangerous strikes that its own policies, in great part, have provoked and encouraged. We shall not, in these comments, attempt to specify situations of this kind in detail. But, suffice it to say that a fair question with which the country ought to deal frankly in this autumnal campaign has to do with the Federal government's



Photograph by Rittase

THE GREAT DAM at Muscle Shoals—symbol of the New Deal attempt to take over the functions of private enterprise. The TVA in the South, Grand Coulee in the Northwest, Boulder Dam in the Southwest, the St. Lawrence project in the North—all promise cheap power to favored sections. But will this be at the cost of the taxpayer, as well as at the expense of the millions of investors in our privately-owned utility companies? Politicians have yet to demonstrate any success in the role of business administrators.

interferences in the domain of capital and labor. We may as well admit that this subject is a difficult one, and that not many people are capable of analyzing it.

The NRA still believes that it has saved the country, has found employment for several million people, and has accomplished marvels in reorganizing American economic life and bringing the whole of it into what Burke called "a distinct system". What parts of that system can be salvaged, now that the emergency excuses no longer exist?

The American Federation of Labor still takes a lofty tone in its warnings to business men. It makes ill-concealed threats of social uprising if the reports of unemployment do not show rapid statistical improvement. Where strikers resort to criminal methods, requiring intervention by armed forces and provoking reprisals

by indignant vigilance committees, the labor chiefs at Washington calmly refer to such excesses as "unauthorized". Their moral responsibility, in fact, is not to be thus evaded; but the country should understand that they have no actual power over these local situations. They are merely subsidized by the unions that employ them as a political agency, and a central propaganda group. Their greatest fault lies in the fact that their field agents have been pretending to speak for the Government of the country in rounding up hundreds of new recruits for replenishment of trade-union funds.

The Agricultural Adjustment Administration had not invented the measures that it was called upon to enforce in an emergency. Experience has already shown that this country is too large and too diversified in its

products for the arbitrary and artificial programs that have been undertaken in good faith and with good courage. Drought conditions in the West have settled the question of the wheat surplus, and also that of the corn and hog surplus. Meanwhile, the Department of Agriculture seems unable to comprehend the fact that all parts of the United States are agricultural. The vast majority of people engaged in those rural enterprises that constitute permanent farming live east of the Dakotas, Nebraska, Kansas and Texas. Only a few years ago Eastern farmers experienced the effects of a terrible drought that extended through more than one crop season.

It might be supposed that this year the Eastern farmers would be permitted to receive fair prices for their cattle and other products. But in its eagerness to relieve distressed communities in the West, the Government undertakes the function of buying and selling, paying low prices for starved cattle, and dumping them on the market in such fashion as to depress normal prices. Eastern farm budgets are thus upset, and the Government seems to be bungling and making mischief everywhere, simply because it has gone so far out of the natural sphere of governmental activity.

In times like these, the pressure for public employment becomes inordinate. On the one side we find the taxpayers clamoring for relief. On the other side is the swollen army of tax eaters, determined to hold their jobs and draw their safe salaries from the public treasury. It is highly absurd to suppose that a bureaucratic government, run by politicians like Mr. Farley, can render useful service to the people of the United States on any plan that looks to the long years that lie ahead.

Uncle Sam Unfitted to Act As Business Man

FEW POLITICIANS are even faintly aware of the long and costly efforts of engineers and laboratory workers that have made possible the stupendous development of our so-called public utilities. If the business of producing and distributing electric power had been usurped by the national and state governments as recently as the beginning of the present century, people today would be paying several times as much for their services of light and power as they are now charged by the companies engaged in that kind of business. Billions of dollars have been honestly invested in these services by millions of shareholders and bondholders.

Returning from his vacation in Pacific waters, President Roosevelt visited the scene, in the far Northwest, of an immense government dam under construction on the Columbia River. He announced the policy of supplying electric light and power to all the farmers (presumably also to all town-dwellers) of the United States "at cost". But in practice this could only mean the management of these services by politicians and bureaucracies. The "low cost" to which the President refers could have resulted solely from the efforts of those industrial leaders, supported by their corps of engineers and scientists, who have created our magnificent system of public service utilities.

It is true that the Government can usurp industrial functions, and can seem for a time to be carrying them

on with some success. But progress stops, and abuses creep in. Our Government could not possibly run the railroads or the telephone system with any approach to economy and efficiency. Neither could it run the petroleum industry, the automobile industry, the steel industry, or the textile industry. It has never even attempted to put intelligent business management into the postal service.

It would seem that we are in some danger of a serious proposal on the part of the Federal administration to set up a universal insurance business, to give everybody unemployment wages, old-age pensions, and various other benefits.

The Voter Must Not Be Fooled!

ALL THESE glittering prospectuses may appeal to unthinking voters. They may be persuaded that this country is ready for state socialism on a scale never attempted anywhere else except in Soviet Russia. But readers should remember that Russia's excuse lies in the field of practical reality, and scarcely at all in the field of Marxian or other Socialist theories.

The obvious fact is that the revolution found Russia without any private industrial development. There were no capitalists or captains of private industry who could supply Russia with the commodities and the economic services existing in other great countries. No agency was available in Russia but that of the government itself. A Communistic program for America would signify a revolution more profound than anything that has happened in Russia, Italy, or Germany. For us it would be a movement distinctly backward. It would mean poverty rather than abundance, and enslavement rather than freedom.

President Roosevelt accepted the responsibility, and led us out of the emergency that confronted us during his first year. His popularity has not suffered as yet at the hands of a fickle country. But there are many men in official places besides the President himself. Not all of them inspire confidence. The Congress that we are soon to elect will have Democratic majorities in both houses; but it is not likely to be a supine or acquiescent Congress. Mr. Clapper's article in our present number rather bluntly exposes the marked differences of opinion that are said to exist among the most eminent of the Democratic leaders.

The so-called New Deal policies will be sharply criticized by certain Democrats who will feel that there is no longer any reason for declining to express their honest opinions. As for the Republicans, they are not without spokesmen of ability; and they will regard it as their duty to take the rôle of an opposition party with revived energy. Senator Borah, who prefers to pursue his own course, is upholding the Constitution as against methods and policies that are, in his opinion, both unnecessary and subversive.

Our comments are not meant to advise any citizen to vote with one party or with the other. But we will feel at liberty to urge young voters not to be deferential, but to find their own opinions. It is their duty, now and henceforth, to take part as actively as possible in the political affairs of a country that must be kept upon the basis of a free and intelligent democracy.

On page 49, Dr. Shaw's editorials are resumed, discussing especially how depressions in the past have helped to keep our banking system weak, and expressing views on the situation abroad.



COERCION!
France preparing for the Saar plebiscite, as seen through the eyes of a German satirist. From *Kladderadatsch* (Berlin)

At the extreme left is a Welsh view of German propaganda efforts in the Saar. From the Cardiff *South Wales Echo*

EUROPEAN TINDER BOX

Following battle-scarred Austria comes the heated question of the disposal of a coveted coal-basin—that of the historic Saar. The threatening Saar Referendum is worrying many Europeans.

By ROGER SHAW

EARLY in 1935, on January 13 (perhaps a not inappropriate date), the famous Saar coal-basin will vote on the moot question of its political destiny. The alternatives to be offered to Saar voters are threefold: union with Germany, or union with France, or a continuation of the League of Nations régime which was set up in 1919, under the stringent terms of the Treaty of Versailles.

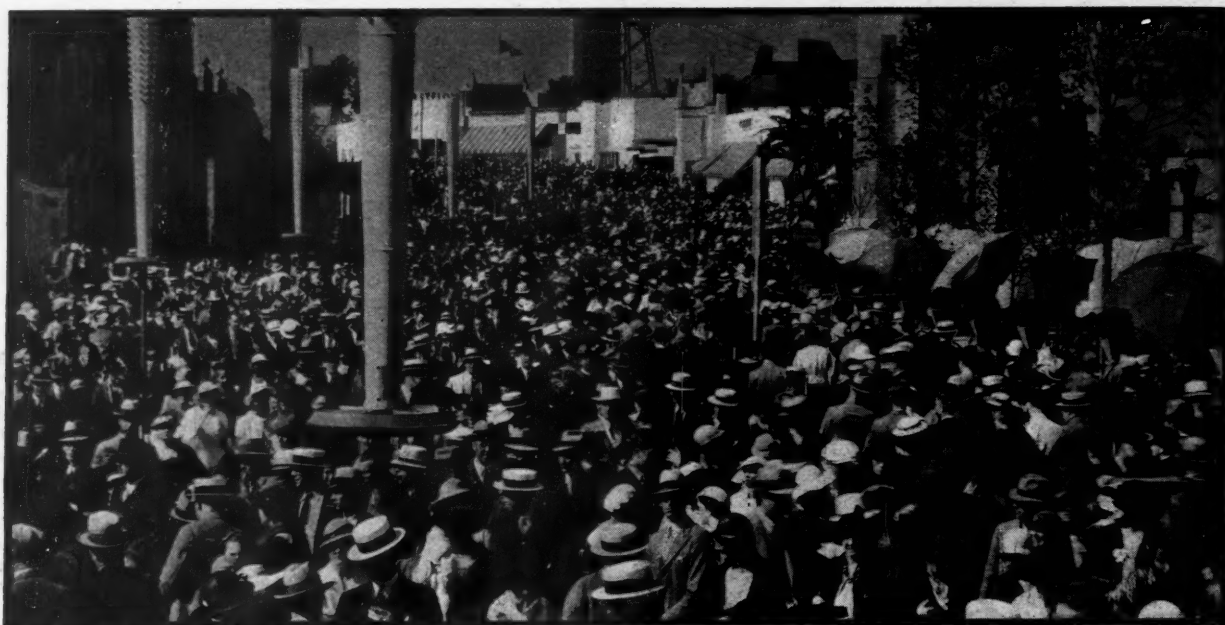
The Saar coal-basin, a miniature Alsace-Lorraine, is one of those debatable border lands which has been shuttled back and forth between France and Germany since time immemorial. From 1815, at the close of the Napoleonic wars, until 1919, at the close of the World War, it was under German rule. The question of its restoration to Germany has become a problem of primary importance in the tangled European politics of today.

Close to a million German-speaking inhabitants people the Saar area, which comprises 726 square miles and is the most densely settled region in over-populated Europe. Only England and Belgium approximate the Saar in their thickly massed populations. Saarbruecken is the capital of the Saar; and Saarlouis is the birthplace of the famous Marshal Ney, Germanic general of the late lamented Little Corporal. Saarland is north-east of Alsace-Lorraine, between Germany and France.

Industrial coal and coke of a rather low grade are the staple commodities of Saarland; and the rich mines were put into the hands of the French state for a 15-year period at the close of the war, in order to com-

pensate France for the destruction of French coal mines by the Germans in their retreat from Picardy as Armageddon came to a fighting finish in the fall of 1918. If the Saar votes "German" in January, Germany must buy back these mines from France in gold, at a price to be fixed by three industrial experts. But if the mines become German again, they will fall into competition with those of the German Ruhr coal-basin, which contain a higher grade of coal and are dominated by the mighty Krupp works at Essen, the Ruhr capital and nerve-center of German heavy industry. Economics favor the *status quo*, for France offers a better market than Germany to Saar coal, pig-iron, steel, and ceramics.

Saarland is governed by a League of Nations commission not unlike that which guides the fortunes of the Free City of Danzig, this also being German until 1919. The Saar commission has five members: a British president, a Saarlander, a Frenchman, and two members from lesser nations. The commission, which to date has governed wisely and well, has very considerable powers; but a Saar council, locally elected, must be consulted in all important governmental matters. The mines are administered separately by local directors; and since the Saar is included advantageously in the French customs union, which means free trade, the French franc has served as the standard medium of exchange for more than a decade. There is a Saar police force, locally recruited, of close to 2,000 hard-boiled, green-clad "Schupos." (Continued on page 63)



WHAT EXHIBITS STOP THIS MOVING THROG AND WHY?

By J. PARKER VAN ZANDT
and L. ROHE WALTER

KING CUSTOMER

★ WHAT can all those who have something to say or sell to the public learn from the World's Fair? What can consumers learn about themselves from an analysis of the success of some exhibitors—the failure of others? What was the comparative effectiveness of the varied appeals used? What do the American people like? The answers to these questions may have a measurable dollar-and-cents value.

EVERY American may well take patriotic pride in this year's World's Fair at Chicago. Beyond question, it is the most entertaining and instructive Exposition ever held. It is twice as good as last year! To the casual visitor it offers more for the admission price of fifty cents than he ever got before—and perhaps ever will again.

To the business man, to everyone engaged in selling to the public goods or services of whatever character, it is a priceless laboratory of object lessons in human nature. It presents a veritable Roman Holiday of salesmanship! Here, in this vast arena of 338 acres, on man-made ground once fathoms deep below Lake Michigan, the merchandising leaders of a hundred different industries have invested millions competing for the public's attention and approval. Meat packers versus motor manufacturers, oil companies versus jewelers, food concerns vying with mail order houses. Scarcely an important phase of American industry that is not adequately represented along this great eighty-four-mile battle front of exhibits.

To this arena, containing the concentrated merchandising rivalry of the nation's business, come the king

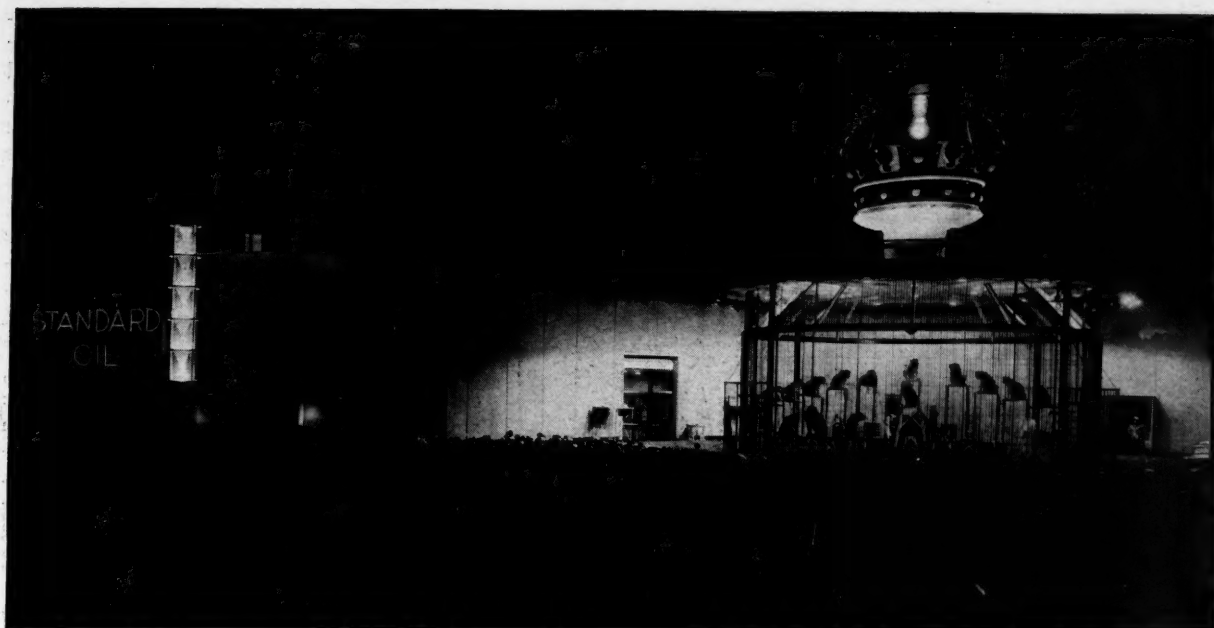
of his court, the judge and the jury—John Q. Public and family—to render their final, authoritative verdict on the winning appeals. For the customer is king. Millions of them, from every state in the country, surge through the Fair and casually and unconsciously pass judgment on the types of sales appeals they are willing to listen to, act on, or reject.

The Fair furnishes a unique focusing lens on the reactions of today's consuming public, for, in reality, the crowd is the Fair's greatest wonder. Mr. Average Citizen is the gold fish and the Exposition a great bowl in which his attitudes, interests and idiosyncrasies are daily on view. Underlying the exhibits for which the public registers its outstanding preferences, are fundamental principles of successful, shrewd selling, the thorough understanding of which will prove invaluable to everyone who seeks the public's favor—be he butcher, baker, bishop, merchant, manufacturer or moulder of public opinion.

What Do People Choose To See?

What, then do most people select? Where does the lightning of the people's choice strike? For everyone has to make a choice. Flinching eye and leg muscles as well as limitations of time make selection a necessity. To see everything, allowing only two minutes to each exhibit, would require six weeks!

Among the features that are entirely new this year, a partial list of favorites includes the Ford exhibit—almost a World's Fair in itself—the Swift & Co. bridge and symphony concerts; the Standard Oil "Cage of Fury"; the American Can demonstration; the stream-



WILD ANIMALS DEMONSTRATING "LIVE POWER" FOR STANDARD OIL

Photographs by Kaufman-Fabry

At a Century of Progress

lined trains; the Black Forest Village; the tabloid Shakespearean plays in the "Globe Theatre" of the English Village. But such a list is wholly unfair to scores of other participants who deserve mention almost in the same breath along with these more pretentious leaders.

In fact, so well and skillfully have so many exhibitors applied the lessons of last year's Exposition that it is no longer as relatively simple a matter as it was twelve months ago to award laurels to the winners. Although both the Bell Telephone System and the Great Atlantic and Pacific Tea Company are not present this year, the principles of sound showmanship for which they were the outstanding successful protagonists last summer have taken root and flowered in a hundred new or revised exhibits.

Ordinarily so much time elapses between one major Exposition and another that the lessons of one are forgotten or obsolete before the next occurs. Not so here. For the first time in history a continuity of experience has been established. Men who played a major role in the planning of the first year's Fair have had that rarest of all opportunities—a chance to reenact their roles as "it might have been". The result is a valuable contribution to the merchandising and expositional art.

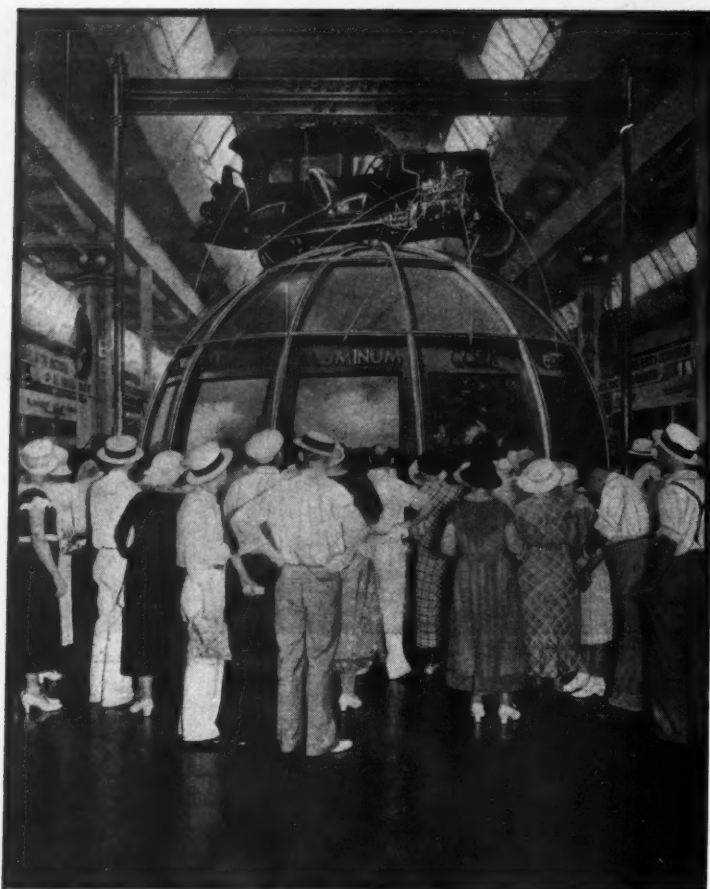
Showmanship Pulls Them In

What, then, are the key principles demonstrated at last year's Fair and so strikingly confirmed this summer? Behind the apparent random preferences of the public for the widely separated and diverse attractions, what are the winning common denominators of merchandising technique? They are worth taking time to discover—for the same fundamentals can be suc-

cessfully applied elsewhere, in almost every other line of human endeavor.

The outstanding distinction, from an exhibit point of view, between last year's Fair and the 1934 edition, is the greatly increased use of dramatized entertainment this summer. Exhibitors have recognized that one of the strongest, most elemental and consistent cravings of the human being is for entertainment. And they have learned the importance of properly dramatizing it. The Chrysler exhibit is typical. Last year, until towards the close of the Fair, their outdoor quarter-mile track was merely an adjunct to their main exhibit building—an afterthought for free demonstration rides. Then someone saw its dramatic possibilities. Every hour, now, a "show" is staged on the miniature race-track. Stock cars race around hairpin turns while tires smoke and brakes squeal. Within the race-track oval "hell-pit" of loose sand and deep ditches other cars are subjected to more abuse in a few minutes than most cars receive in years. Not infrequently cars completely overturn, but always without crumpling the all-steel bodies, breaking safety-glass, or injuring the drivers.

The crowds gasp at the daring maneuvers of Barney Oldfield and his crack drivers and roar their approval. This year it has been necessary to add a big grandstand to accommodate the throng that packs every seat at every show. The Chrysler Company did not originally plan the show—they found themselves with a show on their hands. And it is a show that sells deeper and more effectively than any number of exhibits. This year their building is an adjunct to their track—and dramatized entertainment enables them to hold their own against both Ford's and General Motors' much greater investment at the Fair.



BASIC ELEMENTS of earth combined by creative genius to form the modern motor car. A popular display in the Ford building.

Beautiful Symbolism a Poor Salesman

Be dramatic! Whatever the story—dramatize it. Standard Oil learned to their sorrow last year that beautiful symbolism is not enough. No matter how costly or artistic, symbolism usually mis-fires as a merchandising medium. The public simply will not make the mental effort to study or interpret costly trimmings or beautiful arabesques. So Standard Oil changed their tactics this summer. In place of a symbolical film on the contributions of oil to industry, they have substituted a thrilling free wild animal act with Allen King and his den of ferocious tigers and lions. Hourly it crowds to overflowing in the big stands and sends the throngs away with an indelible impression of the meaning behind the merchandising slogan, "Live Power". If "less lingo and more life in advertising" is the modern merchandiser's goal, Standard Oil have succeeded with a vengeance in injecting "life" into an advertising phrase.

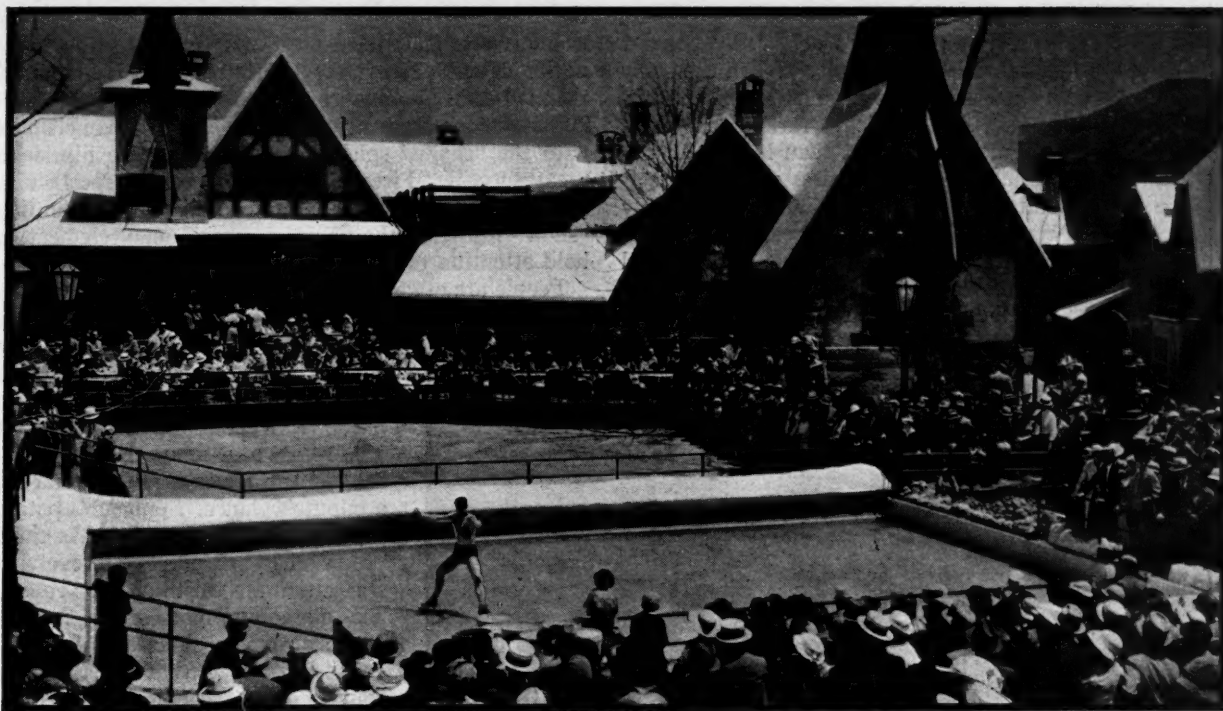
By an unusual setting in the shape of a huge automobile, Studebaker had dramatized what otherwise might have proved just another sales-film. Fourteen times daily their theatre is jammed to capacity by visitors who invariably stay through the show to see the convincing finale of the Studebaker catapulted into a rock quarry. Within the cool theatre there are no competing attractions to distract attention and lessen the effect of the selling effort.

The competition among free movies is heavy.

At least sixty are being shown. Hupmobile's film is outstanding, not so much for the picture, but for its ingenious staging and the use of the all-important principle of letting the public participate. Through a large glass window shaped like a tear-drop, the curious crowd sees a stock Hupmobile car within, its wheels resting on an endless track. One of their number is invited to participate in a "safe-driving test" and takes the steering wheel, while other visitors fill the remaining seats in the car. The participant in the "test" starts the car and, as he does so, a film flashes on the screen before him, equally visible to the watchers outside the window. Instructions direct the driver to shift gears, use his brakes and maneuver the car just as required by the sudden, emergency situations confronting the speeding car in the film before him. The car's wheels turn, the driver clutches the steering wheel, participants and onlookers glue their eyes on the film before them and follow it through to the happy ending as absorbedly as if the steering mechanism of the demonstration car were actually connected! At the conclusion the driver is given a "Certificate of Driving Skill" with ratings carefully filled in on "reaction to emergencies", "cautious operation", etc.! Simple and obvious enough, to be sure, but the crowds love it.

An outstanding success in the application of this principle of self-participation, this year as it was at the '33 Fair, is the Safety Glass demonstration. Here the public takes part with a vengeance. Everyone who wishes can satisfy a long suppressed desire to throw a brick-bat at a window. Men and boys—girls too—stand in line for a chance to exhibit their skill. Every participant, those who miss as well as those who score, leave the baseball pit with a "Safety Glass Sharpshooter" pin. Several hundred "actors" play before thousands of visitors every day, while the merchandising aspects of safety glass are convincingly and lastingly driven home. Safety Glass has a novel way of starting their show. Behind the scenes, an attendant drops a basketful of broken glass. The sound of splintering glass draws passersby to the scene of the supposed accident. The barker does the rest!

A small effort on the part of the public registers far more effectively and lastingly than many times its equivalent on the part of the exhibitor, but—and this is important—that effort must be part of a simple, understandable story. Here is the trouble with several well-intended efforts to induce self-participation, in the Hall of Science and elsewhere, where the story is too complex for most of the participants. Mencken is reputed to have said that "no one ever lost money under-estimating the intelligence of the American public". For very little is really self-evident to Mr. Average Citizen. Stories, therefore, should start from scratch. Neither elementary beginning nor obvious conclusion can safely be omitted. The trouble with too many officials responsible for selecting exhibits is that they are too clever, too intelligent. They overlook the educational limitations of their audience—of



NOVELTY: Ice skating under the hot summer sun in the Black Forest village. Note the 'snow-covered' roofs.

the millions who buy two-thirds of all our goods and whose incomes are \$2,000 or less per year.

Magic and Marionettes on the Sales Force

There is drama in everything. No product that people purchase lacks dramatic possibilities. However lifeless, prosaic and commonplace to the unimaginative it may seem, actually it is alive with warm human feelings—with the hopes, fears, and wants of the people who buy it, not as an end in itself, but as a means toward the satisfaction of their desires. The ability to see inanimate things living, which other men think are dead, makes successful advertising—and winning exhibits. From a merchandising viewpoint what the manufacturer puts into the product is important only in terms of what people get out of it—in increased happiness, health, affection, excitement, and other human wants.

Westinghouse has recognized this in their little theatre, where four times each hour they show a dramatized version of "Leisure for Living", with live actors playing to crowded houses. General Electric's "House of Magic" demonstrates the wizardry of electricity by scientific vaudeville before packed audiences at every performance, as it did last summer. Even the power companies in the Central Station Exhibit have employed marionettes this year to personalize their story. Last summer Dutch Cleanser's principal display was built around a scientific story of crystalline structure. This year they pull many times their former attendance with a marionette story of kitchen romance. Ford's "Rhapsody in Steel", the motion picture shown in the Ford Building theatre—perhaps the best of all films at the Fair—is personalized through the friendly antics of a mischievous little imp. And "The Human Ford" is the acme of personalization—plus the always helpful element of mystery. General Motor's mechanical talk-

ing Indian, "Chief Pontiac", is another successful adaptation of the same principle.

One of the most popular units in the Radio Corporation's exhibit is a crude, animated diorama making little pretense at expense, that in two brief scenes enacts a touching drama of the seas. Act one features a doomed vessel of thirty years ago sinking at sea; act two shows a modern liner afire—but this time equipped with radio. Frantic S.O.S. signals are heard, nearby ships respond and all aboard are saved. In melodramatic fashion a "canned" voice interprets the action. No one seems to mind the crudities of the device, any more than comic-strip readers object to the artistic crudities of Andy Gump, or Little Orphan Annie. As old and obvious as is the appeal, to sympathy, suspense, relief, fear—it rarely lacks an appreciative audience.

Waxen Doctors and Dinosaurs— Laxatives and Oil

It is the human import, not the product itself, that registers with the Average Citizen. Petrolagar, with a tiny space in a rather obscure location in the Hall of Science, and with a story inherently difficult to dramatize, pulls a heavily disproportionate share of visitors—over ten per cent of the entire Fair attendance. Their booth is a simple English peasant's thatched cottage. Within, merely a life-size diorama of Sir Luke Fildes' famous picture, "The Doctor", but exquisitely executed by Ingerle. The complicated emotional reactions so evidently stirred in the great majority of visitors by the appealing sight of the deathly sick, innocent child, the anguished mother, the brave father, the kindly doctor, all serve admirably as an effective vehicle for—a story of laxatives.

For ideas not necessarily inherent in a product itself can be built into them by skilful merchandising and an effective and entertaining sales story thereby created,

in which the product and the extraneous idea become inextricably interwoven. Sinclair's deservedly popular animated dinosaur zoo is an example. When the story finds favor with the crowds, the product happily is carried along with it. The public is rarely analytical. Drama to them is more important than logic. An uncritical and admiring audience requires no further evidence for the statements that Sinclair crudes actually are older than competitors, or that the oldest crudes do make superior oils. The "zoo" is a visual and physical proof of the slogans. Witness the lad who related that the "Sinclair" was the world's oldest animal.



GENERAL MOTORS' live demonstrators take the crowds behind the scenes. The younger generation exhibits great curiosity and listens well. Another feature of General Motors' exhibit which has attracted wide attention is the assembling of a complete Chevrolet.

Beyond simple directional information, people simply will not stop to read or understand signs. If a story goes much beyond such elemental ideas as "exit" or "toilet", tell your story to the passing throng, don't expect them to stop and read it. People are far more interested in other persons than they are in products, no matter how unusual. Armour's "all red-headed girls" are a greater attraction than the meat-cutting machine they operate. Abbott gets much better crowds this year by substituting a live demonstrator and lecturer for the former impersonal film. The Chicago and Northwestern Railway have found it well worth while to increase their troupe of actors from two to nine this summer, dramatizing in a series of three delightfully entertaining scenes the pleasures in store for travelers over their lines. The crowds at their booth are quick to register their appreciation. By contrast, other exhibits seem dead, where little imagination has been used to dramatize and personalize services or products.

Red-Headed Beauties or Robots?

Rarely will a robot compete successfully with a live demonstrator. Few purely mechanical devices can not be greatly improved by the judicious addition of trained, live attendants. Ipana, with an excellent packaging demonstration and an unused natural amphi-

theatre-setting, has gained little this year by the addition of a robot which may momentarily attract the notice of the passing crowds, but cannot hold or sell them. Union Carbide and Carbon, in their novel welding pit, demonstrate a combination of the human element with the "canned spiel" and motion picture film with great success. Firestone in their revised, spectacular staging of a battery, brake lining, and rubber mounting "show" illustrate the value of some human element to hold attention to a mechanically told story.

People are attracted to people! Attendants need say nothing, do little. Still, they furnish a human bond, hold the attention. Wilson's bacon slicing machine with a corps of auburn-haired beauties wrapping bacon, will hold the same crowd for a half-hour at a time, where a purely mechanical demonstration would get a minute's glance. Sunbeam's potato peeling Mixmaster exhibit has three pretty girls on individual revolving stages that are worth a dozen robots. The glamorous models that demonstrate Fromm's silver fox furs, on a moving stage that alternates a country home scene with a wintry fox-farm setting, always have an appreciative audience. So do the girls sewing buttons on Big Yank shirts. The Pennsylvania Railroad's uniformed men guides are worth a hundred signs.

If you are ever in doubt as to how to apportion a budget for an exhibit, cut every other item first before you reduce your allotment for live demonstrators and high-grade attendants. Heinz, "The House that Sampling Built", uses along his sampling counters only college trained girls, graduate students fully qualified to teach home economics. The point-of-contact with the public—King Customer—is the critical point.

In the Hall of Science the infant embryos—much better staged than last year—the Transparent Man with his illuminated viscera—and the Mayo appendix exhibit are still overwhelmingly the three ruling favorites. The ball of hair "removed from the stomach of a woman who had the habit of chewing her hair" deserves honorable mention! After all, our human frame is the most universal of all common denominators. The Average Citizen's thinking begins in terms of his own body and never gets far from it. The more directly a story can touch his subconscious absorption in himself the more certain it is to win favor. An obvious corollary principle will help one understand why the most popular exhibit in the Social Science Hall is a cross-section of a city dump, showing, archaeologically the progress from the bustles, hoop skirts and oil lanterns of Grandad's time to the cast off victrolas, high button shoes and "cats-whiskers" radio sets of just yesterday.

Back Stage Courtesies Appreciated

In every section of the Fair Grounds actual operating demonstrations are found this year in far greater num-

ber than before. Old favorites are nearly all back—General Motors' assembly line for Chevrolets, Firestone tire manufacture, Union Carbide chromium plating, the Diamond Mine, and others. This summer many interesting new machines-at-work are added—blowing glass, baking bread, making pottery, assembling mattresses, manufacturing Chrysler's duplicate safety glass or Sear's wall-paper and a score of others, all well patronized and deserving of discussion if space permitted. Head and shoulders above them all is the Ford exhibit with the greatest aggregation of operating demonstrations, as well as other fascinating and instructive exhibits, ever gathered together by one manufacturer.

The Ford exhibit is worthy an article by itself. Covering eleven acres of ground, with no expense spared—close to five million dollars it is rumored Ford will have spent on his participation before he is through—it represents the epitome of the showman's art and reaffirms within itself merchandising principles already noted elsewhere in the grounds, and others which space does not permit consideration here. In spite of a none too favorable location, more visitors—over seventy per cent of the gate—visit the Ford exhibit daily than attend any other one exhibit. In circus parlance, Ford has "stolen the show". The Ford exhibit alone is worth any merchandiser traveling a thousand miles to study.

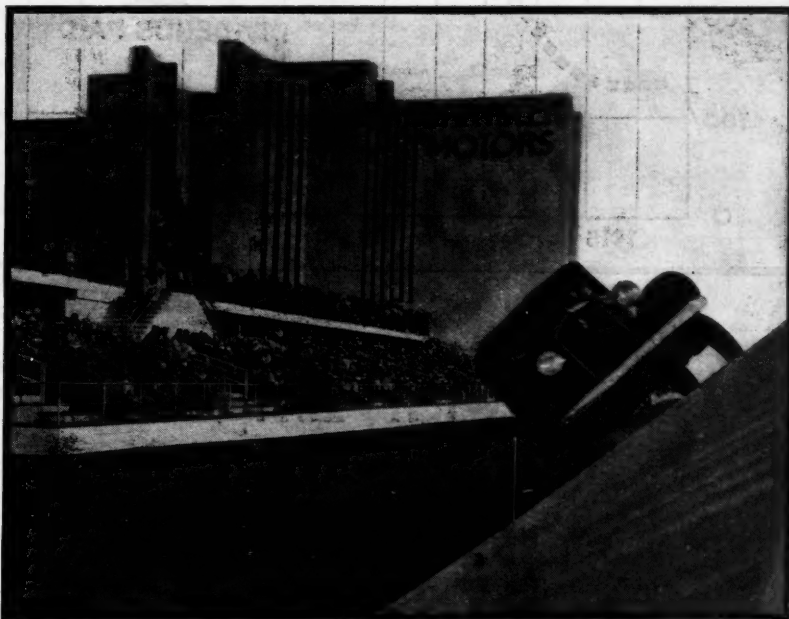
"This is an educational exhibit," Mr. Ford has said. "The people are my guests. They must be made comfortable." And he personally sat in all the types of chairs and tried out other conveniences designed for the public, to satisfy himself that they were comfortable. Nowhere throughout his exhibit is selling pressure of any kind exerted. No one is "devised" to give his name or indicate a financial interest. There is not even "low-pressure" selling; nothing but what may be inadequately described as "high-pressure" good-will. Let none mistake. Ford's gigantic gesture is magnificent merchandising. Talk to the other automotive exhibitors, if you want confirmation of this.

It is an unavoidable injustice to close without mention of a score of other activities at the Exposition deserving careful attention. The "Wings of a Century", that marvelous dramatized pageant of a hundred years of transportation, is still in the opinion of most visitors the best show on the grounds. The Model Homes, both old and new, should not be missed. Once you start analyzing the merchandising lessons you will find you want considerably more time than you first allotted. And every minute will be instructive and entertaining—even in the Streets of Paris.

What They Are Learning About You

The most important lesson from the two Chicago World's Fairs, for both the merchandiser and the customer, is a relatively simple one. It is an attitude of mind, a manner of thinking. Properly understood and applied, it will move mountains. Essentially, it

is always to work back from the customer toward the product, rather than from the product toward the customer. These modern merchandisers are trying to get inside your head, and look out at the product through your eyes, with your perspective, your personal interest and peculiar wants. They are finding this not only a fascinating adventure, but a most profitable one. Successful exhibitors at this year's Fair are proving it. They recognize the Customer as King and are learning to serve him in ways he wants to be served. They are putting into practice the homely philosophy of the Maine guide who said: "It isn't the taste of the fisher-

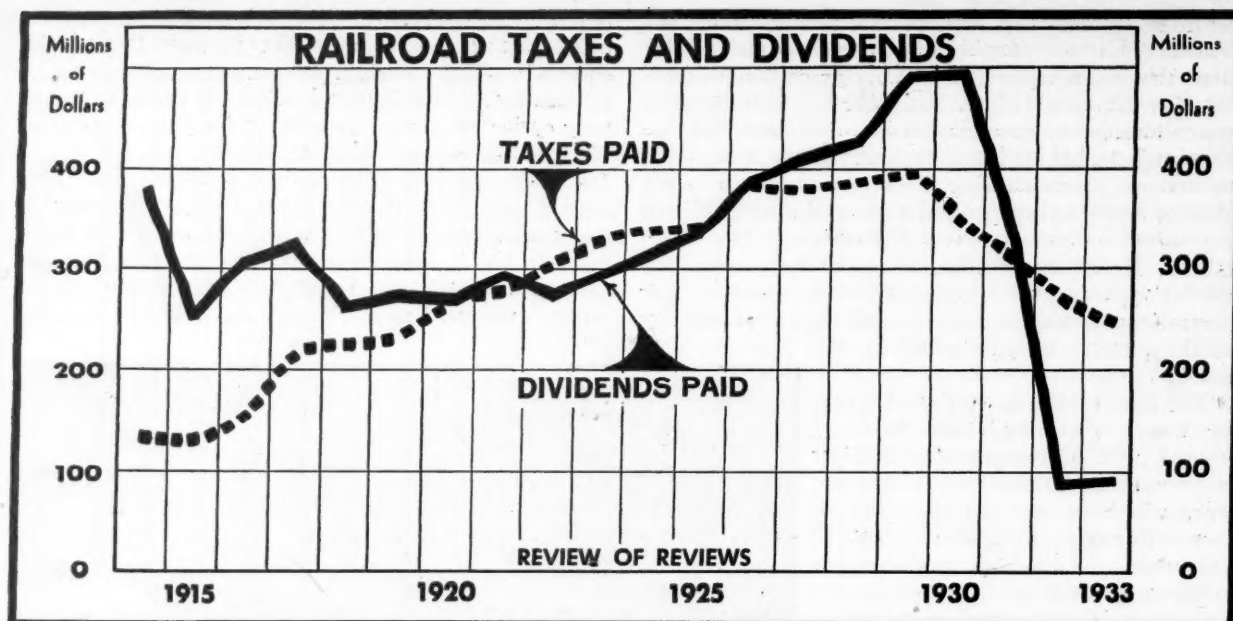


BARNEY OLDFIELD drives up a 45 degree incline to thrill the crowds at the Chrysler Motors track at A Century of Progress. Every hour on this miniature track, stock cars race around hairpin turns with smoking tires and squealing brakes.

man that determines the bait to be used. It is the taste of the fish." There lies the road to quick profits—selling around known sales-resistance instead of against it.

Like a concave mirror that gathers into itself a condensed reproduction of the room in which it hangs, so the Century of Progress Exposition serves progressive merchandisers as a condensing lens focused on King Customer, unerringly revealing the kinds of sales appeals he will listen to, act on or reject. We earnestly recommend your becoming a subject and making your individual contribution to the composite picture being built up of King Customer, 1934 model. It will be a long time before you may have another such opportunity to see the inside workings, on a mass scale, of merchandisers learning to sell you as you really want to be sold.

Furthermore, if you like your fellow human beings or are curious about them, or if your business or personal success is dependent upon people—here is the chance of a lifetime to see what the American people like. For the greatest exhibit at the Fair is not listed on the programs or ballyhooed along the Midway—the Fair's chief wonder is the millions of people who throng its grounds! As Plutarch phrased it: "It is not the places that grace men, but men the places."



Analyzing the "RAILS"

By HOWARD FLORANCE

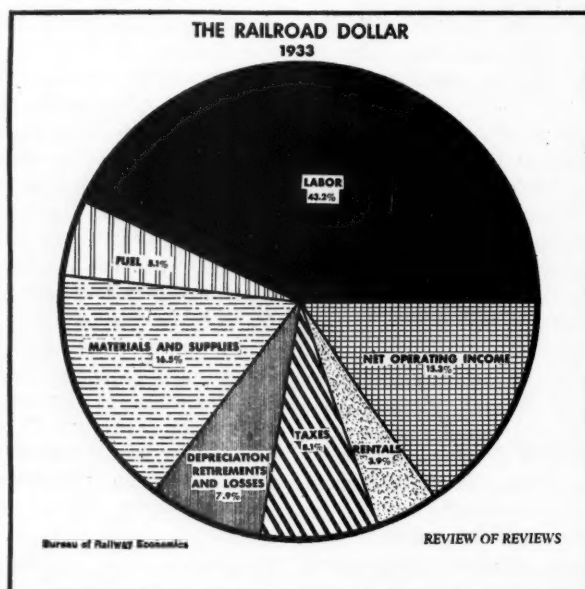
AN INVESTOR in railroad shares can draw upon a century of transportation history, to prove that fortunes have been made in "rails" and that receiverships have been numerous. Generally speaking, this investor has no ambition to become a Gould, a Vanderbilt, or a Harriman. Nor is he infested with the speculative urge, for railroad shares are too seasoned and the companies too regulated to permit of unusual profits. He is most likely to be an ordinary citizen seeking a safe repository for a surplus of the moment, available for himself in a later period or for his dependents. But why should he consider railroad shares?

An article in these pages last month discussed the prospect for investment in automobile shares, and set up a series of guides to indicate the relative merits of seven leading companies. Not one of those companies is as much as twenty-five years old; for the automobile form of transportation is in its infancy. In con-

trast, some of the railroad companies discussed in this present article exceed a century in age; and even the younger ones were pioneers in the opening of the far West. They are as old as civilization itself in the regions which they serve.

There are many other investment contrasts between "motors" and "rails". Few automobile companies have bonds outstanding, and earnings therefore go promptly to shareholders. But bonds form the major part of

railroad capital; so that a healthy increase in net operating income in a recovery year may still fail to meet fixed charges, and thus leave nothing for the shareholder. Automobile earnings are influenced by genius in management—in engineering or sales force for example—one company gaining at the expense of another. Railroad earnings, however, are responsive rather to general prosperity and to conditions within the area tapped. Witness the effect of drought on Atchison earnings last year, when it hauled 42,000 fewer cars of grain than in the year before. It was a loss of 39 per cent in



WHERE the 1933 railroad dollar went. Labor and taxes took more than half of it.

revenue from one class of freight; and not less important was the further loss resulting from the local farmer's decreased purchasing power.

An investor in railroad shares will have his eyes wide open to the fact that the decline in freight car loadings began not in 1930 but in 1926, and the decline in passenger traffic began as far back as 1920. In the depression year 1921 more than 1000 million passengers were carried; in 1929 there were 780 million; in 1932 there were 478 million.

Plainly the railroads are losing passenger traffic to the private passenger car, the bus, and the airplane; they are losing short-haul freight traffic to the motor truck; and they have lost business to barge fleets on inland waterways. Note that all these losses have been marked by government aid to their competitors, in the form of concrete highways and improved river channels.

But 60 per cent of present railroad freight is the product of mines and forests, and 15 per cent more is the product of farms (wheat and livestock, for example, and perishable fruit shipped northward from Florida and eastward from California). It is the sort of business of which trucks will capture little. The remaining 25 per cent of present freight traffic is more competitive, with the railroads always at an advantage in handling the more profitable long-haul business. The

RATING

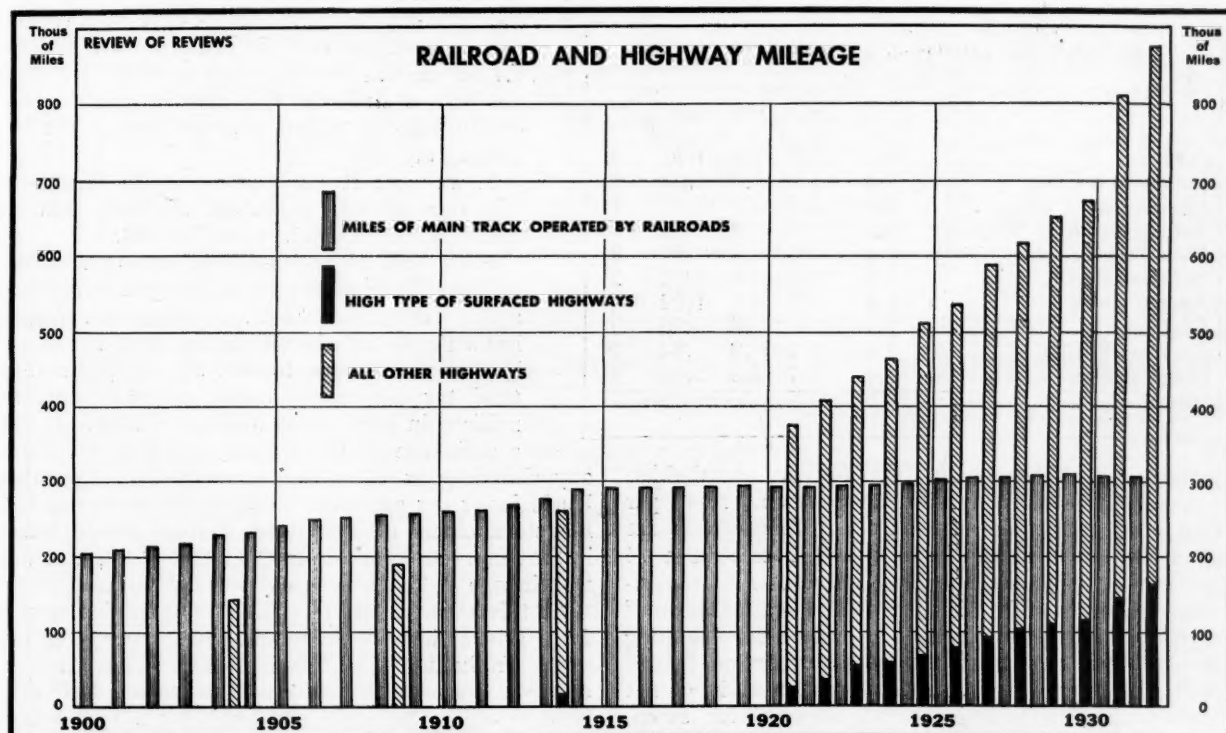
	Based on Present Price of Stock					
	Gross Earn's Ratio	Net Earn's	Book Value	Fixed Charges Earned	Dividends	Combined Final
Chesapeake & Ohio	3	1	10	1	1	1
Union Pacific	7	2	9	2	2	2
Pennsylvania	2	3	8	4	3	3
Atchison	8	6	7	3	4	4
Baltimore & Ohio	6	5	5	6	7	5
Northern Pacific	10	4	3	5	8	6
Southern	4	9	4	7	6	7
New York Central	1	7	6	8	10	8
Chicago & North Western	5	10	1	10	5	9
Southern Pacific	9	8	2	9	9	10

OUR "final combined rating" is obtained by weighting the five factors, as follows: Gross earnings, 2; net earnings, 3; book value, 1; success in meeting fixed charges, 3; dividends, 3. The reader may choose to apply different weight values.

DIVIDENDS

	Average 1928-1933	ANNUAL						Nine Months 1934
		1928	1929	1930	1931	1932	1933	
Atchison	7.08	10.00	10.00	10.00	10.00	2.50	0	2.00
Baltimore & Ohio	4.08	6.00	6.25	7.00	5.25	0	0	0
Chesapeake & Ohio	2.51	2.50	2.50	2.50	2.50	2.50	2.57	2.10
Chicago & North Western	2.50	4.50	4.50	4.00	2.00	0	0	0
New York Central	5.00	8.00	8.00	8.00	6.00	0	0	0
Northern Pacific	3.37	5.00	5.00	5.00	4.50	.75	0	0
Pennsylvania	2.60	3.50	3.87	4.00	3.25	.50	.50	1.00
Southern Railway	5.00	8.00	8.00	8.00	6.00	0	0	0
Southern Pacific	4.16	6.00	6.00	6.00	6.00	1.00	0	0
Union Pacific	9.00	10.00	10.00	10.00	10.00	8.00	6.00	4.50

CHESAPEAKE & Ohio is outstanding here, for its regular quarterly dividend of 62½ cents, maintained through all the years of depression, actually has been increased to 70 cents. Pennsylvania's doubled dividend is currently being earned. Atchison's dividend of \$2, payable September 1, is in the nature of a surprise; for its dividend payments last year totaled zero.



RAILROAD mileage on this chart is that of main track operated by steam roads. Highway mileage is broken up into two kinds: "high type" and "all other". This chart is from the volume "America's Capacity to Produce".

NET EARNINGS

(Net corporate income)

Total (000,000)							Per Share					
Average 1928-1933	Yearly			Five Months			Average 1928-1933	Yearly			Five Months	
	1931	1932	1933	1933	1934			1931	1932	1933	1933	1934
29.0	23.1	7.5	d2.5	d4.7	d1.3	Atchison	10.02	6.96	.55	d1.03	d3.18	d1.78
12.4	3.8	d6.3	d2.1	d4.6	d3.0	Baltimore & Ohio	4.45	.57	d3.19	d .88	d2.20	d1.56
28.9	26.6	23.5	28.2	10.3*	13.9*	Chesapeake & Ohio	4.37	3.49	3.08	3.69	1.35*	1.82
1.5	d6.0	d11.2	d9.4	d7.4	d4.9	Chicago & North Western	.83	d4.80	d8.07	d5.96	d5.15	d3.55
23.8	2.4	d18.2	d5.4	d7.9	d1.6	New York Central	5.12	.49	d3.66	d1.08	d1.60	d .33
10.2	8.9	d1.9	.3	d6.9	d3.6	Northern Pacific	4.53	3.59	d .80	.12	d2.78	d1.46
50.8	19.5	13.5	19.2	.1	7.3	Pennsylvania	4.24	1.48	1.03	1.46	.01	.56
4.2	d5.9	d11.2	d3.7	d2.3	d .5	Southern Railway	1.38	d6.87	d10.96	d2.86	d2.77	d1.37
18.9	7.1	d5.7	d4.9	d9.0	d4.1	Southern Pacific	5.09	1.92	d1.53	d1.32	d2.40	d1.09
33.8	26.0	20.6	21.5	1.0	4.5	Union Pacific	11.71	9.93	7.49	7.92	.20	1.29

CHESAPEAKE & Ohio net earnings in 1933—and so far this year—approximate its six-year average. Atchison used red ink for the first time in 1933. Every road had a larger net in five months of 1934 than in the same months a year earlier; though with seven of the roads this merely means a smaller deficit. Only three of the ten are actually earning anything for the shareholder.

*Chesapeake & Ohio current earnings are for six months; other roads five months.

Capitalization per Dollar of Gross Earnings

	1928-1933 Average	1931	1932	1933	1933 Rating
Atchison	6.01	5.97	8.12	8.98	8
Baltimore & Ohio	6.13	6.42	8.94	8.42	6
Chesapeake & Ohio	6.90	5.06	6.11	5.68	3
Chicago & North Western	5.60	5.76	7.90	7.75	5
New York Central	3.96	3.78	4.83	4.98	1
Northern Pacific	11.58	12.27	16.21	16.00	10
Pennsylvania	3.65	3.58	5.44	5.47	2
Southern	5.94	6.03	8.08	7.70	4
Southern Pacific	7.49	7.92	10.95	10.40	9
Union Pacific	6.51	6.54	8.74	8.90	7

CAPITALIZATION here includes stock and funded capital plus surplus. Gross earnings include non-operating income as well as gross operating revenue.

SUCCESS IN MEETING FIXED CHARGES

(Times earned)

	1928-1933 Average	1931	1932	1933	1933 Rating
Atchison	4.1	3.2	1.9	1.52	3
Baltimore & Ohio	1.4	1.1	.8	1.01	6
Chesapeake & Ohio	3.9	3.5	3.2	3.70	1
Chicago & North Western	1.2	.6	.3	.55	10
New York Central	1.4	1.0	.7	.91	8
Northern Pacific	1.8	1.6	.9	1.02	5
Pennsylvania	1.6	1.3	1.1	1.23	4
Southern	1.3	.6	.4	.96	7
Southern Pacific	1.6	1.2	.8	.84	9
Union Pacific	3.1	2.7	2.3	2.46	2

SINCE railroads have large bonded indebtedness, earnings often disappear before they reach down the line to the stockholder.

picture is not hopelessly dark for the shareholder.

Overhead is high in railroad operation. A 46 per cent drop in business (freight car loadings) from the good year 1929 to the bad year 1932 brought a 74 per cent drop in net operating income. And the investor should bear in mind that "net operating income" does not mean "net income", for out of net operating income must come such things as interest on funded debt and rentals. Thus every road will have net operating income (we have not searched for exceptions); but only three of the ten major systems which we mention in this article are able this year to show real honest-to-goodness net income—that is, net cor-

porate income available to common shareholders.

Net operating income, as reported monthly by railroads, nevertheless does furnish an interesting yard-stick with which to measure efficiency in management. In 1933, for example, the gross operating revenue of the New York Central system was less than in 1932; but its *net* operating revenue increased by 65 per cent, from 20 to 33 millions. The Pennsylvania system likewise turned a smaller gross into a larger net; from 49 to 61 millions. In lesser degree the same can be said of the Southern Pacific and Union Pacific, among our ten.

Possibly this showing is at the expense of allocations for maintenance of way and maintenance of equipment, for 14.8 per cent of all freight cars awaited repairs at the end of 1933 as against 5.4 per cent at the beginning of 1930; and 32.5 per cent of all locomotives needed repair at the end of 1933 as against 16.2 per cent at the beginning of 1930.

It was not at the expense of the employee, who received 42.6 cents out of every railroad dollar in 1929 and 43.2 cents in 1933.

Taxes took an average of 6.3 cents out of the railroad dollar each year in the period 1927-30, and 8.4 cents in 1932-33. Government, indeed, has suffered little in comparison with the shareholders who happen to own the railroads. The total tax bill of the roads dropped from 396 millions in 1929 to 249 millions in 1933. It was a shrinkage of 37 per cent, and that there was

any shrinkage at all is due largely to the fact that Uncle Sam's tax gatherers failed to find profits to tax. But stockholders' cash dividends dropped much farther in the same four years, from 490 millions to 95. It was a shrinkage of 81 per cent.

At this moment the railroads are preparing a plea for a general increase in freight rates, perhaps 10 per cent. Unlike industrial corporations, they have no control over the price that may be charged for what they have to sell. The roads petitioned for a 15 per cent increase in rates in June, 1931, but the Interstate Commerce Commission denied it. Instead a plan was invented by the Commission (*Continued on page 58*)

Petroleum and Taxation

By AXTELL J. BYLES

PRESIDENT, AMERICAN
PETROLEUM INSTITUTE

THE POWER TO TAX is the power to govern. It is likewise the power to destroy even government itself. The nation is becoming tax conscious. The oil industry has been tax conscious for some years. There are levied currently upon this industry 26 federal, 68 state, 19 city, and five county taxes; altogether 118 different taxes upon its property and operations.

In the 12 years from 1921 to 1932 inclusive, the industry's net earnings were about \$2,000,000,000, while its tax bill was about \$5,000,000,000. It had deficits in three of the 12 years and in only four did earnings equal or exceed taxes. Its annual tax bill today is approximately \$1,000,000,000 a year, or at the rate of about \$1,000 for each worker employed. The petroleum industry is ready and willing to bear its full share of the essential tax burden but, like other industries and an increasing number of other taxpayers, it realizes that tax duplication is almost as great an evil as excessive taxation.

The customers of this industry also are hurt by tax duplication. They pay from two to four taxes upon every gallon of gasoline they purchase. These cumulative taxes in some states range as high as 12 cents a gallon, which is equal to the average retail price of the product.

State and federal gasoline taxes alone average about five cents a gallon, constituting a sales tax of more than 40 per cent. They cost the consumers more than \$700,000,000 a year. As the result of these and other taxes the motorist is paying more than 10 per cent of the total cost of federal, state, and local government. This is not an equitable distribution of the tax burden. It is neither fair to the public, to industry, nor in the general interest. Since 1919 the retail price of gasoline has decreased about 50 per cent, while the average tax per gallon has increased several thousand per cent.

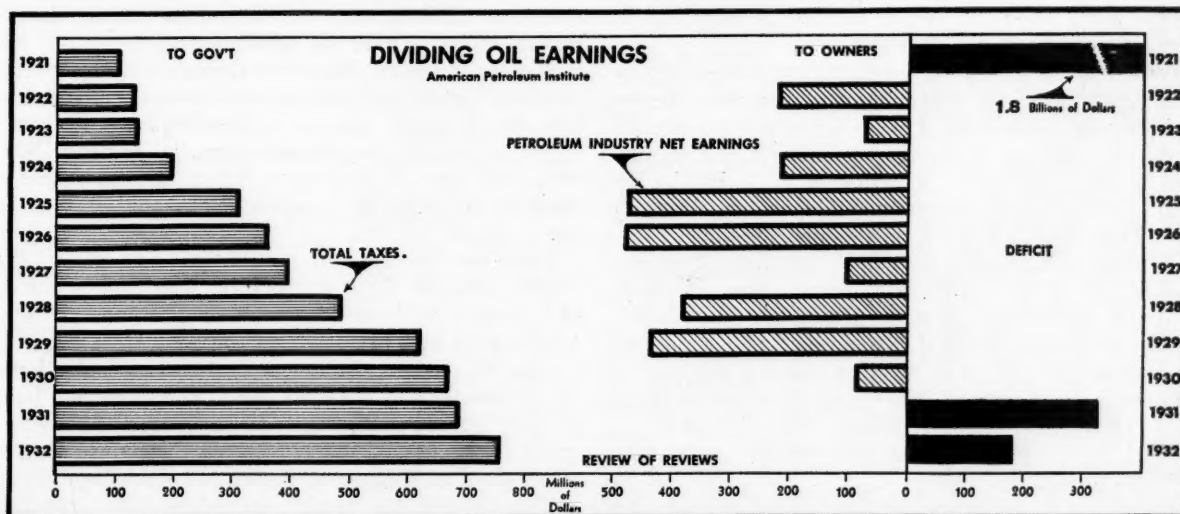
Governmental agencies seem, at the present, to be

of the opinion that \$1 per barrel is a fair base price for crude oil. Total taxes upon the gasoline and lubricating oil content of each barrel of crude average \$1.32. It is obviously impossible for \$1 oil to absorb this tax and also pay for the cost of producing, transporting, refining, and marketing.

The federal government is studying foreign tax systems to ascertain how to obtain more revenue. From this study it will probably learn that the British citizen contributes in national and local taxes about 23 cents out of each dollar he earns, the Frenchman about 22½ cents, and the German about 20 cents. We already are paying about 25 cents out of each dollar earned. State and local governments also are seeking ways to increase tax income. Why balance budgets with higher taxes, upset them with larger expenditures, and then build bigger budgets? Only prophets crying in a wilderness of debt seem to use the phrase "tax reduction". It deserves greater popularity.

We are presented with theoretically excellent schemes for lifting ourselves by our own tax bootstraps. One wonders, however, how long the straps will stand the strain. Adding five billions to the federal budget may be, and no doubt is, commendable from the standpoint of motive; but a budget is only a forecast of tomorrow's tax bill, which either you and I, or our children, must pay.

I am inclined to believe that we cannot solve our tax problems by merely giving government more money to spend. It would seem that vigorous protest and decisive action by tax-ridden citizens are necessary to point the way to the reduction of cost of government to levels which we can afford. Reasonable taxes broadly distributed, such as would be the case under a general manufacturer's sales tax, and full collection of whatever taxes are levied, would put us on firm ground and restore confidence.



WILL THESE GOOD MEN COME TO THE AID,

★ JOHN NANCE
GARNER



★
JOHN W. DAVIS



OUTSIDE THE FOLD

By RAYMOND CLAPPER

ONE OF THE curious circumstances about the present Administration is that, though it has almost unparalleled popular support, there is a notable disaffection among prominent figures within the party. Numerous elder statesmen, headliners of the last decade of Democratic politics, big shots who were carrying the torch when the parade was not as long as it is now, are not in the line of march.

The situation was described roughly but uniquely by an onlooker from the other side not long ago. Representative Hamilton Fish of New York, being a Republican, had little to do in the last session of Congress and he amused himself by drawing up a list in the form of an all-star Democratic anti-brain-trust baseball team. His line-up is given on the opposite page.

All these men hold, or have held, positions of responsibility under the Democratic party. Two of them, Alfred E. Smith and John W. Davis, were nominated for the Presidency. Several of the others were supported by Democratic groups of varying size for the party's presidential nomination. Others have held cabinet posts under Democratic administrations. One, Senator Glass, refused to accept a cabinet appointment under this Administration.

Prominent in this group are men who in 1920 pitched

in and fought to save the party in the face of almost certain defeat at the hands of Warren Harding. In 1924 they went into the trenches again, knowing that Calvin Coolidge was unbeatable. A third time, in 1928, they took up the lost cause against Herbert Hoover.

But when Franklin D. Roosevelt sat down in the executive mansion, and the New Deal began, the old players stayed out of the game. Alfred E. Smith, who had made Franklin Roosevelt Governor of New York and thus put him in line for the Presidency, withdrew into the draughty recesses of the Empire State tower. Many of the others dropped from the horizon. They were not seen at the White House. Of late some of them have raised their voices again, but in criticism, not in praise.

There are two reasons for this state of affairs. One is that some of these Democratic wheelhorses are out of sympathy with the Roosevelt program and refuse to join in with it. They saw that the New Deal was to be a game of dealer's choice; and when the dealer began to call deuces and one-eyed jacks wild, these old house players quietly withdrew. To their minds it was a game for amateurs, not old-timers. Not since the free silver days of William J. Bryan has there been such a schism within the party leadership over principles.

OF THEIR PARTY IN 1936?



★ ALFRED E. SMITH



★
Ex-Senator
JAMES A. REED
(Missouri)

Four caricatures by Ray Evans,
from the Columbus (Ohio) *Dispatch*

ALL-STAR Democratic Anti-Brain-Trust BASEBALL TEAM

Compiled by

Representative HAMILTON FISH, JR. (N. Y.)

Pitcher—ALFRED E. SMITH

Catcher—JOHN W. DAVIS

First base—WILLIAM RANDOLPH HEARST

Second base—OWEN D. YOUNG

Third base—Ex-Senator JAMES A. REED of Missouri

Shortstop—Senator CARTER GLASS of Virginia

Left field—Governor JOSEPH B. ELY of Massachusetts

Center field—Senator JOSIAH W. BAILEY of North Carolina

Right field—Senator M. M. LOGAN of Kentucky

Manager—Vice-President JOHN N. GARNER

Assistant manager—Governor ALBERT C. RITCHIE (Md.)

Publicity agent—JAMES P. WARBURG, New York banker

Coach—JOSEPH P. TUMULTY

Substitutes—Representatives GEORGE B. TERRELL (Texas) and JAMES R. CLAIBORNE (Mo.); Former Secretary of State BAINBRIDGE COLBY; Former Secretary of War NEWTON D. BAKER; Governor EUGENE TALMADGE of Georgia; Senators ROYAL S. COPELAND (N. Y.), DAVID I. WALSH (Mass.), MILLARD TYDINGS (Md.), THOMAS P. GORE (Okla.) and HARRY FLOOD BYRD (Va.)

The other reason is that this Administration bears its grudges to a degree not often seen in politics. As practically all of these holdouts were opposed to the nomination of Mr. Roosevelt, they have rated little or no consideration in the White House circle. They were not "For Roosevelt Before Chicago"; and we have the word of Postmaster General James A. Farley himself that those who were not loyal to Mr. Roosevelt before the nomination are weak reeds to lean on now that he is in the White House.

When you hear of disaffection inside the party, or note a Democratic leader who is not in the parade, one or the other of these circumstances probably will offer the explanation.

Dozens of Democratic leaders, who have little sympathy with New Deal policies, have buried their scruples and gone along. That is the easier course in politics. A dissenter pays a high price. He is not called to the White House to bask in the sun as a presidential adviser. He thereby loses considerable national publicity which is essential if he wishes to keep in the public eye. He loses his chance of being appointed to important office. More important, so far as his influence goes in politics, he loses the chance to have his lieutenants and friends appointed to political jobs. He and his friends are less favored in obtaining public projects for their states and in obtaining government contracts. So the pressure is strong to conform and crawl under the tent as quickly as possible. Many of the more agile ones did this. It was harder for the more conspicuous anti-Roosevelt leaders to do so, and in addition some of them

refused out of personal conviction to consider such a course.

Even before the new Administration took office, Senator Carter Glass of Virginia refused to become Secretary of the Treasury. He was not sure that he could agree with the Roosevelt monetary policy. He did not know exactly what it was to be, but he surmised enough to have grave doubts. These doubts were fully borne out later, because as matters have developed Senator Glass is more out of step with the Administration than J. P. Morgan, who approved going off of the gold standard. Alfred E. Smith denounced the gold price-fixing experiment as one which was producing "baloney dollars". He declared the Public Works Administration a "fizzle" as a reemployment measure. His name has been booed even in New York City as a result. It is reasonably certain that the day of the brown derby has gone forever.

John W. Davis, who like Smith was once chosen by the party as its candidate for President, is appalled by the rapid growth of bureaucracy at Washington and accuses the Administration of looking for scapegoats and hoping for short cuts. Recently he spoke at the University of Virginia's Institute of Public Affairs. In introducing him to the Virginia audience, Senator Carter Glass said: "I count upon him to defend the Constitution against all the vagaries of brain trusts or brainless trusts." Which Mr. Davis did. He said representative Democracy was being done to death "by the slow strangulation of an engirdling bureaucracy." He said he expected to be denounced as a Bourbon or a Tory, or to be invited to keep still until he could bring forth some new plan of his own. But, he added, "it is not quite clear why one who sees his friend driving headlong toward a precipice must wait to warn him until he can produce a road map of the district."

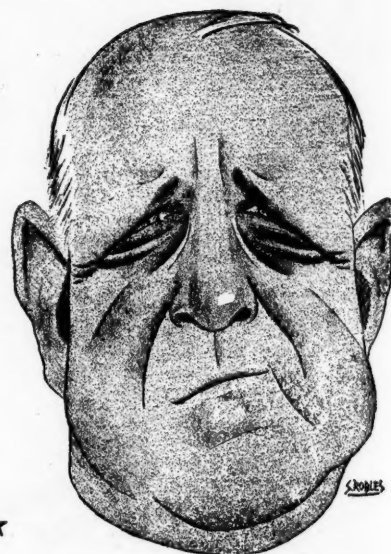
Bainbridge Colby, Secretary of State in the latter part of Woodrow Wilson's Administration and a law partner of the war-time President, stated his criticism of the Administration thus:

"Throughout the congressional session just closed, we have seen a lengthening succession of laws, originating and drafted in the executive department of the Government, and passed by Congress upon the call and at the behest of the Executive, without pause, without examination of their provisions, and often in ignorance of them. Moreover, no apparent concern is felt as to the effect upon the rights and liberties of the citizen, of the legislation thus demanded of Congress, quite in the manner of a requisition."

President Roosevelt has made no effort to win the support of such party leaders as these. On the contrary, when they have differed with him he has laughed and called them Tories and gone on with his program. He has made the Democratic party the Roosevelt party. There is no place in it for men who hold the conservative economic views of John W. Davis. While leaving them to drift away, Mr. Roosevelt turns to Republican



★
Senator
CARTER GLASS
of Virginia



★
Senator
DAVID I. WALSH
of Massachusetts

Progressives, seeking to bring them into the fold. Out of this is likely to come, if the present tendency continues, a reformed Democratic party, so that the line between progressive and conservative, which now cuts at right angles across both parties, will coincide with the party lines drawing progressives to the Democratic side and leaving conservatives on the Republican side.

Such a change cannot take place overnight because of the great inertia of political organizations in America. An example of this is seen in California, where Democrats are supporting Senator Hiram Johnson, though he remains nominally a progressive Republican. Twenty years ago prohibition leaders found it impracticable to work through a prohibition party, so they switched tactics and set out to capture old established political organizations—going after the Democrats in sections where Democracy was dominant, and after Republican organizations where the majority party was Republican. Theodore Roosevelt's experiment with the short-lived Progressive party demonstrated the apparent indestructibility of the two-party system. Reformers dream of new parties, but realists seek to capture an old one and remodel it.

Sharp as the break has been between President Roosevelt and some of the leading Old Dealers of his party, it has occurred quietly and without any of the violent quarrels such as Woodrow Wilson had with his advisers. Wilson called Former Senator James A. Reed a "marplot" for opposing the League of Nations. He nursed unwarranted suspicion of Colonel House's loyalty and he sank without trace one of the closest personal and political friendships of White House history. For no

good reason he publicly disowned Joseph P. Tumulty, who as his secretary throughout the governorship and the eight White House years was as devoted an aide as a man ever had. Illness, no doubt, accounted in part but not entirely for those broken associations.

Nothing of that is found in Mr. Roosevelt. His differences with other party leaders, when they are discussed at all, are treated lightly, good-humoredly, maybe facetiously, and with first-name familiarity. He's really fond of Senator Carter Glass, whose irascible outbursts afford much amusement at the White House, where he is viewed as a lovable but crusty uncle too set in his ways to be argued with.

But underneath this gentlemanly exterior there lies a firm, almost ruthless attitude which is well-nigh

Senator
HARRY
FLOOD BYRD
of Virginia



Five caricatures by S. Robles,
from the Washington Post



★
Senator
ROYAL S.
COPELAND
of New York



★
Senator
MILLARD E. TYDINGS
of Maryland

munication means. So does Governor Albert C. Ritchie of Maryland, who was a candidate for the presidential nomination himself. And Senator Royal S. Copeland of New York has been harassed for months with the threat of Farley-inspired opposition because he supported Tammany's candidate in the 1933 mayoralty race against Joseph V. McKee, the Administration candidate.

In both parties the usual strategy after the national nominating convention is to make peace all around, let bygones be bygones, and unite in common cause against the opposite party. Then the winning party seeks to solidify further all factions by distributing appointments to them. President Wilson thus brought Mr. Bryan into his cabinet as Secretary of State, a gesture that had been made half a century earlier by President Lincoln with respect to Mr. Seward.

But this was not so easy to do in the present Administration, even had the desire been there, which it was not to any noticeable degree. The reason is that President Roosevelt had in mind a program which involved new experiments and a sharp shift in policies, some of which, such as the monetary policy, struck at the most fundamental beliefs of many leading figures in the party. Contrary to the usual situation of a new administration, which seldom invokes any radical departures from party dogma, this Administration was obliged to find men who would understand and be in sympathy with its purposes. That circumstance, and the disposition to carry grudges which lies behind the Administration's smiling exterior, account for the political *index expurgatorius* which has been quietly but firmly built up at Washington in the last year and a half. During the presidential campaign, Republicans scoffingly said that Mr. Roosevelt might be for a new deal but he was using the same old deck. But it turns out that he not only brought his own deck with him—but his own players as well.

terrifying in its finality. This is a side of President Roosevelt of which the public is little aware. When the White House turns thumbs down it is for good. There is no announcement to the world. But the victim of White House displeasure feels the unseen hand as it pushes him out. He discovers one day that Postmaster General Farley has appointed his political enemy as collector of internal revenue in his state. He discovers that a hostile Democrat has been placed in charge of public works, or of emergency relief, or in some other key job. Or maybe a leader of the opposite faction, after a conference at Washington, announces his candidacy for the very office held by the Democrat who is out of favor at the White House.

John F. Curry, ousted leader of Tammany Hall, has paid a high price for having gone down the line for Alfred E. Smith at the 1932 Democratic National Convention at Chicago. Governor Ely of Massachusetts, who placed Smith in nomination at the same convention, knows what the White House sentence of excom-



DIVIDENDS for CONSUMERS

By JOSEPH STAGG LAWRENCE

THE ADMINISTRATION means well but its policies are fundamentally faulty. Its relief ventures are temporary palliatives. The reforms under way are good as far as they go. Recovery strategy is merely an opportunistic patch-quilt conglomeration of measures which lack a basic design and are in fact at many points inconsistent with one another."

The speaker restored an expensive cigar to his mouth. He spoke with great vigor, and as he concluded this unequivocal denunciation of the Roosevelt Administration he surveyed the group as if challenging their acquiescence. The scene was the lounge of a well known metropolitan club and the speaker—an upstate banker-emeritus. In the group were a newspaper man, a dry-goods merchant, a broker and the editor of a conservative business periodical.

Another Gift from Albion

The ex-banker was recognized as the American representative of a new school of recovery thought whose outstanding spokesman was an Englishman, Major C. H. Douglas. The latter had recently been in the country delivering his emphatic and highly plausible message to chambers of commerce and women's clubs in the traditional manner of the English lecturer. He was now bearing his beacon of light across the Dominion of Canada. That he has influential adherents within the government was well known. The group listening to our speaker regarded him with a certain open-minded skepticism. The new theory employed such phrases as "social credit" and "consumer's dividends," engaging terms which they wished explained. A year and a half of the New Deal had made these men more receptive to revolutionary ideas, and they were willing to listen.

The newspaper man felt that the discussion had been entirely too abstract. He wanted some concrete ideas which could be used as stories. He took advantage of the pause in the speaker's exposition.

"Just what do you mean by relief measures which are temporary palliatives?"

EX-BANKER—"Well, take your CWA and your relief allotments to cities and states. Harry Hopkins is caring for approximately 4.4 million families, and I understand they average about \$24 a month from the Federal Treasury in addition to aid in kind such as pork, flour, and clothing. This is not getting us anywhere. If you have any doubts about the matter look at the various indices of retail sales and business activity. You are treating the symptoms and ignoring the causes."

At the mention of retail sales the merchant nodded his head. "Our summer volume has been disappointing. Although we haven't lost much ground the truth is that we were expecting to make some progress in eliminating the present gap between current sales and 1929 volume. In terms of physical volume we are almost 30

per cent below what we would consider fair business, and I think our house is typical of conditions throughout the country."

The newspaper man was not yet satisfied and pressed his inquiry. "Just what do you mean by symptoms and causes?"

EX-BANKER—"The symptoms are clear and concrete: ten million out of work, four million families on relief, consumption 30 per cent below normal, steel mills operating at 26 per cent of capacity, code authorities cutting textile output 25 per cent because consumers cannot be found. I could multiply this evidence many fold. It is the tragic story with which we have become so familiar during recent years: silent smokestacks, idle looms, closed mines, farm acres on forced vacations, and yet millions of people so pressed for the elementary necessities that the Government dares not ignore them."

BROKER—"Very well, we grant the symptoms. There is no question that recovery to date has been disappointing. In fact, if my business does not pick up soon I shall become a pensioner of Harry Hopkins. What are we going to do about it? You must admit the man in the White House has not hesitated to try new experiments or ignore precedents."

A Rational Design for Living

EX-BANKER—"That is exactly what I am coming to. With a willingness to re-order our economic lives, and substitute reason for accident in our design for living, it is a pity the Government cannot adopt a more effective policy."

The editor at this point showed signs of distinct interest in the proceedings. Day after day there had come to his desk new formulae for social salvation, each one predicated upon the tragic paradox of want in the midst of plenty. The premise had been obvious and its repetition wearisome. He had little faith in this latest prescription for an earthly and early Utopia. As an able student in a field of knowledge which had erroneously been labelled a science, he nevertheless had the detached curiosity of the scientist and was happy to find here an authentic disciple of the new thought. The latter had already launched upon his exposition.

"We feel that the basic error in the Government's recovery policies lies in a failure to distinguish between the economics of scarcity and the economics of abundance. What is sound policy in the former ceases to be sound in the latter. The classical economists in expounding their theories lived in a world in which emphasis was placed upon production. All goods were scarce, and when they used the term scarce they meant that the supply was insufficient to satisfy all the demands. In fact it was this scarcity, rather than the cost of production, which gave goods their value. In order to promote the greatest good for the greatest



WHAT FORM WILL INFLATION TAKE?

No informed student believes that inflation, if it comes, will be currency inflation of the type practised in Germany after the war.

It will be a credit inflation operating through expanding bank deposits which have resulted from huge governmental expenditures.

If it comes, inflation will be the last term which the Government will apply to it.

A year ago the rise in the price of gold and the abandonment of the yellow standard were termed "price stabilization."

John Maynard Keynes on a recent visit to this country urged the Government to increase its expenditures as a sure method of promoting recovery.

Professor Tugwell defines poverty as an annual income of less than \$2,000.

There is a growing demand for a governmentally maintained minimum of income. Will the consumer's dividend, or subsidized consumption, be the next form of inflation?

number the producer should be given every possible incentive. All men are by nature selfish and for this reason the greatest incentive to the producer is profit. Hence the state should do nothing to interfere with the energy or the initiative of the individual, since these will be devoted to the production of more corn, cutlery, and clothing."

BROKER—"Well, if that's the case it seems we have already gone too far. The encouragement of the producer has been too successful. It has been necessary in many of the codes to place restrictions upon the use of machinery and the expansion of capacity. We have just had one of the worst droughts in history, and yet Henry Wallace claims that it will be necessary to grant leaves of absence to corn, wheat, and cotton-growing acres."

EX-BANKER—"There you have another fault of scarcity economics. It is again an unfortunate emphasis upon the producer's interest which leads the Administration to cut production. Here we have a deliberate brake applied to production, an official sabotaging of the country's economic efficiency."

EDITOR—"You give us the answer."

EX-BANKER—"The answer is simple. Instead of cutting production, step up consumption to the point where surplus output will be absorbed."

NEWSPAPER MAN—"How can you do that?"

Bonuses to Producers

EX-BANKER—"I was just coming to that. For centuries governments have been granting bonuses to producers. Usually this has been for the purpose of stimulating an industry which for some dominant public reason deserved encouragement. Thus our Government pays our shipping lines and air companies extravagant rates for carrying mail, because a merchant marine and a vigorous private aviation industry are essential to the national defense. Our tariffs may be regarded as a subsidy extracted from consumers and distributed among producers. Latterly the farmers have been receiving benefit payments which are in fact bribes to producers to keep them from making full use of their ability to raise food and textile fibers.

"Now, in view of the fact that people are not able to get as much as they would like to consume, there seems to be something fundamentally wrong in the policy of the Government which undertakes consciously to promote a further denial of consumer's needs by the diversion of public funds to the producers. Why not tackle the problem from the point of view of the con-

sumer? If we have found it desirable and consistent with public policy to subsidize producers, why can't we subsidize the consumer?"

NEWSPAPER MAN—"Isn't that exactly what the CWA, the soldiers' bonus, and the various forms of relief distribution are—that is to say, government aid to the consumer?"

EX-BANKER—"In a narrow form the effect is the same but the intent is entirely different. The Government is not seeking to promote consumption in order to relieve our glut of goods, but rather to allay distress and satisfy the insistent pressure of a politically powerful group for special favors."

Prosperity Comes High

BROKER—"You speak of a 'narrow form'. Do you imply that the billions which the Government has already spent for relief are not a broad enough form of consumer stimulation?"

EX-BANKER—"Precisely. My proof lies in the failure of business to recover and the persistence of the symptoms which we first discussed."

BROKER—"Go ahead. I'm listening."

EX-BANKER—"Having accepted the obvious truth that the encouragement of consumption—in this day

of prodigiously excessive capacity to produce—deserves the first attention of the Government, our next step is to accept the corollary of this theorem, namely, that consumption in an era of unwholesome superabundance is just as much a virtue as was production in an earlier period when the world was gasping for more food, clothing, and shelter."

At this point the merchant broke in.

"No one is more interested in seeing consumers with fatter purses. What I can't see is how you can work out any system for increasing the buying power of—well take that white wing down there in the street for example."

EX-BANKER—"That is another place where it will be necessary to toss one of our cherished prejudices overboard. The Government should undertake the payment of a consumer's dividend on a national scale."

NEWSPAPER MAN—"Who is to get these consumer dividends?"

EX-BANKER—"Why everyone who is making, let us say, less than \$5,000 a year."

NEWSPAPER MAN—"Whether they work or not?"

Beer and Waffles But No Time Clocks

EX-BANKER—"Certainly. This notion that a man must work before he is entitled to livelihood is an antiquated notion left over from the days when everyone had to work in order to have something to eat, drink, and wear. The very point of all our technological progress has been the creation of a capacity to produce, where all we need is turned out by a small fraction of the population. We have no moral qualms about the extravagances of young Ritzbilt, who inherited his capacity to consume from a predatory grandfather who should have ended his days in jail; but we seem to choke on the suggestion that Jim Smith, who cannot find a job, has a healthy appetite and three kids, should be given a chance to eat the product of some of our idle acres and wear the cloth woven by silent looms—merely because he doesn't work."

MERCHANT—"How would you determine this dividend?"

EX-BANKER—"The dividend might be determined in one of two ways. The first method would be based upon the nation's wealth and ability to produce as measured by the national income. Let us take the approximate figure, 350 billion dollars, as the present value of the nation's assets and 84 billion dollars as the normal national annual income. The first step is to capitalize the national income, and in this we follow a procedure exactly similar to that followed by the security market in evaluating a stock.

"If the Bunny Biscuit company shows annual average earnings over a period of years equal to \$6 a share, those earnings are capitalized by the market to determine the value of the stock. Assume that the rate at which this capitalization takes place is 6 per cent. The stock then has a market value of \$100 irrespective of its book value, which may be as low as \$25. Very few first class bank stocks sell for as little as their book value and it is not unusual for equity securities—i.e., common stocks—to sell for five times their asset value provided earnings justify the market price. In other words, earnings are the vital item in determining security values, and equipment is important only in so far as it enables the company to realize earnings.

How Rich Are We?

"If we apply this procedure to the national income then the current value of the nation's wealth—i.e., its ability to produce income—is equal to 84 billion dollars capitalized at 6 per cent, or 1,400 billion dollars. It is upon this sum that we calculate the national dividend. We can be liberal and add to this the estimated value of the country's physical assets, that is to say, 350 billion dollars, and get a total of 1,750 billion. This might be defended on the ground that we have hardly scratched the surface of our ability to produce."

EDITOR—"I don't want to interrupt your argument, nor do I mean to accept all that you have thus far said by limiting my comments at this point. I do feel you and these other gentlemen here should know that our ability to produce has only recently been subjected to highly competent examination. The Brookings Institution of Washington has made a careful study of the nation's capacity to produce. It has come to the conclusion that the excess plant capacity of America's farms, factories, and transportation facilities during the period 1925-1929 was approximately 19 per cent.

"A further conclusion which this discussion should bear in mind is that this margin of unused capacity, for the country as a whole, showed no increase during the first thirty years of the twentieth century. In a broad way it might be said that the country can produce five pairs of shoes, five loaves of bread, and five automobiles for every four which it produced in 1929."

EX-BANKER—"That's extremely interesting although it seems to me that the estimate of the Brookings scholars is extraordinarily conservative."

EDITOR—"I would hardly call it conservative. Realistic is the better word. Nor would I consider it an estimate. It is a study by experts who dig deep for their facts, whose conclusions are based upon those facts and informed by an intimate knowledge of economic philosophy. Their study has been published in a volume called 'America's Capacity to Produce.'"

The Flippant Scribe

The newspaper man had been making notes on the club stationery, and turned to the ex-banker. "You were saying that the country's going concern value was 1,750 billion dollars. If you'll pardon the seeming flippancy, 'So what?'"

EX-BANKER—"Well, the 1,750 billion is the base upon which we will declare our consumer's dividend. Suppose the Government decides that a 2 per cent dividend is in order. Two per cent of 1,750 billion is 35 billion dollars. If we confine the dividend to families with an income of less than \$5,000 a year, it will raise the buying power of each family by \$1,400.

"Another form of the dividend would be determined by the unused portion of the nation's plant capacity. Taking for this purpose the outside estimate of the Brookings students—namely, that output could be raised 25 per cent above the 1929 level—we would pay a dividend equal to the difference between the national income in 1934 (about 41 billion) and the income of 1929 (85 billion), and add to this difference an amount equal to 25 per cent of the 1929 income. This gives us a dividend of"—scratching rapidly on a pad—"about 65 billion dollars."

MERCHANT—"Phew. These sums make the funds spent by Harry Hopkins to date look like peanut

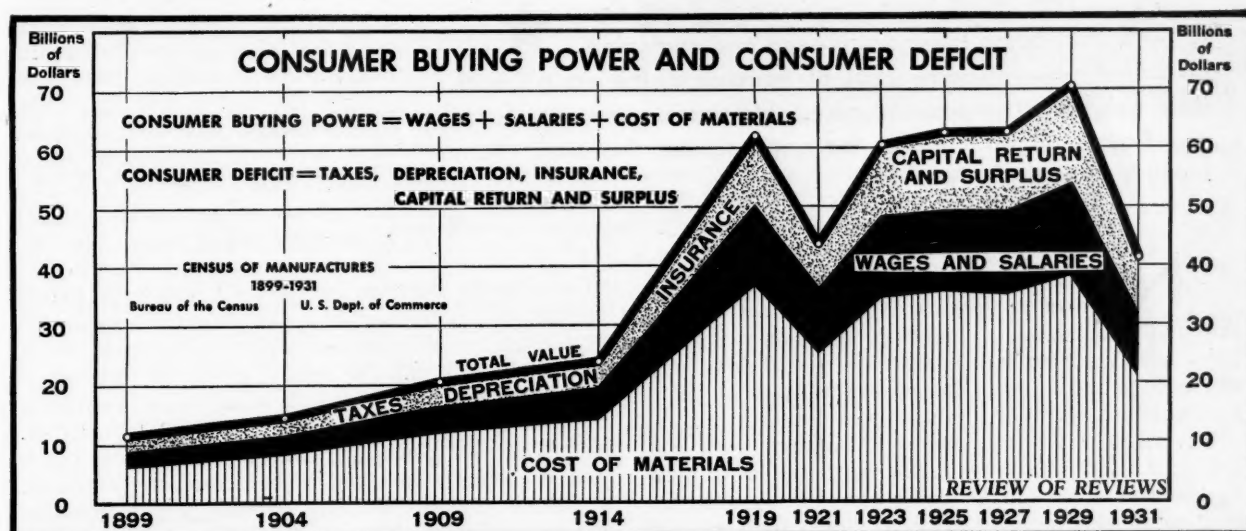
money. Now, I am no economist or statistician, but it looks to me as though the Government would have to spend a lot of money under this scheme. All this business of setting up thousands of billions of assets and capitalizing at 6 per cent, and then paying 2 per cent dividends, sounds logical but that may just be because I can't see the flaws. What do you think?" he asked, as he turned to the editor.

EDITOR—"In the first place, let us keep certain distinctions clear. In setting up a capital value of 1,750 billion dollars upon which to declare our consumer's dividend we are assuming that the property (which belongs to private individuals) and the earning power (which is the attribute likewise of private citizens or groups of such citizens) belongs to the Government to dispose of and manipulate at will. Certainly if we adopt communism this becomes for all practical purposes true.

"During the last year and a half the Government has taken liberties with private property which indicate a partial breakdown of the inviolability that formerly

surplus left after all expenses of conducting the business have been deducted. This includes, obviously, the cost of raw materials, wages, taxes, interest on debt, and depreciation. If we are to treat the nation as a gigantic corporation, its net income would be far less than the 85 billion dollars used in this discussion.

"The country has more than 50 million workers. These must be clothed, fed, housed, educated, and entertained. The aged must be fed and the young reared. These items are all a part of the cost of conducting the business of U. S., Inc. Spread over the entire population, these costs constitute the American standard of living. The real corporate income which may be capitalized in the same manner as that of private enterprise is not the 85 billion but rather that portion of it which is left after all current needs have been met. This margin may be called either the net income of U. S., Inc., or its savings. Over a period of time this has been estimated at one-seventh of the gross income—i.e., one-seventh of 85 billion dollars, or approximately 12 billion. If we capitalize this at 6



surrounded private accumulations. Be that as it may, the Government still admits in a general way that the section of land operated by Hiram Brown belongs to Hiram Brown, that to him should go the joint product of his intelligence, his energy, and his acres. There is no law against assuming that the earning power of Brown and the title to his acres, in some mysterious fashion and for the purpose of a consumer's dividend, resides in Uncle Sam. But one may assume with equal validity that the center of the earth is a solid core of green cheese.

The Fresh Air of Reality

"There is a second point which must be made before considering the merit of subsidized consumption. It is true that the country had an income of 85 billion dollars in 1929. That does not justify a capitalization at 6 per cent or an analogy with corporate practice. The income of a bank, a railroad, or an industrial corporation, which may be capitalized for the purpose of determining the market value of its stock, is the clear

per cent we get a value of 200 billion dollars, and not 1,400 or 1,750 billion.

"However, all these astronomical statistics of national wealth and income are merely used to rationalize a procedure which is nothing less than a fantastic peacetime scheme of inflation."

Not Enough Dollars for Consumers

EX-BANKER—"That is strong language for a weak case. It is always the experts who summon incontrovertible reasons for doing nothing at all while the patient suffers and dies. The fact is that the country for years has produced a certain volume of goods and then failed to place in the hands of consumers buying power sufficient to absorb this output."

EDITOR—"If that's a fact, then I am not aware of it."

EX-BANKER—"We can easily demonstrate that from the census returns of 1929. Using rough figures, the total value of manufactured products for that year was 70 billion dollars. Of this, 12 billion was paid out directly in the form of wages (*Continued on page 64*)

Ewing
Galloway



By
JO CHAMBERLIN

SIGHT SAVING

★ **THE EYES** have the dubious distinction of being the most misused and neglected part of the human body. For doing most of the world's work they get the least possible care. Here are some new facts and figures on what makes for good seeing, the major item being light and plenty of it.

NATURE never intended that your eyes should be used as they are at this moment, to hop, skip and jump across a line of type on a printed page. They were made to see distant objects of fairly large size and to meet conditions of life millions of years before letters, words or literature were born.

Nevertheless, we must read and do close work just the same. Each year adds to the burden of work done by the eyes, those organs which have the dubious distinction of being the most misused, abused and neglected part of the human body.

Almost every baby is born with a good pair of eyes. Properly cared for, they might last him through his three score and ten, with a little help as he grows older. But usually they don't. Two out of five students in our colleges have impaired vision. At the age of 40 three out of five persons have imperfect sight, and at the age of 60 about nine out of ten persons need optical correction or help. Older people need twice as much light for good seeing as younger people, for, as the birthdays pile up, the eye muscles lose their elasticity. The pupil grows smaller. Children, as well, need plenty of light for study and games, but precious few of them get it.

When primitive man lived in caves at night and hunted bears by day, he used his eyes for distant seeing. His weapons and household tools were large and easy to see. His eyes were not asked to perform the impossible. When the sun went down, Mr. Caveman went to bed, and his eyes rested. He did not scan telephone directories, read magazines or night club menus under 15-watt lights.

A man who will argue with you about politics, re-

ligion, or apple pie for breakfast, will readily agree that good sight is invaluable. Even so, he probably does not realize how essential his eyes really are. Authorities estimate that the eyes receive at least seventy per cent of *all* our impressions and are responsible for the resultant muscular action. One specialist puts it as high as 87 per cent. On this basis the ears receive 7 per cent of all impressions, the sense of smell 3.5 per cent, taste 1 per cent and touch 1.5 per cent. The eyes work under no codes; they are on the job 16 hours a day, sometimes more.

Cats can see in the dark, but human beings can't. Many, however, try. In addition to being saddled with 87 per cent of the load, the eyes are asked to perform under nearly impossible conditions.

On a bright summer day sunlight measures 10,000 footcandles. A footcandle is the standard measure of the intensity of illumination. Think of a candle stuck in a bottle neck and the light it gives one foot away. That is a footcandle. In the shade of a tree on a bright day, there is from 1,000 to 2,000 footcandles. This is an ideal place for reading. On the front porch there is about 500 footcandles. Suppose you go indoors. If you sit near an ordinary window, 200 footcandles will be available. When night falls and you turn on the light, you may try to read this same print you read outdoors with 1,000 footcandles, with a 40-watt lamp bulb—which might give you at the most from 3 to 5 footcandles! This is far less than is necessary, less than a hundredth of the ideal light conditions under the shade tree. It is not that artificial illumination is harmful; the fact is that the eyes do not get enough light. No wonder they break down.

Illuminating engineers with no ax to grind are responsible for the distressing conclusion that less than one home, office or factory in five in use today is adequately lighted, either for health or efficiency. In business, if one is fortunate enough to have a desk fairly near the average size window, one may get 50 footcandles on a fair day. If one is ten feet away one may get only 8 footcandles, less than advisable for close work, and if further away than ten feet, may get only one or two footcandles.

Four factors govern good seeing; the size of the object, the contrast with its background, the amount of light falling upon the object, and the time available for perception. Three of these conditions cannot be changed much. For example, one cannot increase the

How Much Light Do I Need?

READING, WRITING AND CLOSE WORK

Reading lamps with two sockets should have two 60 watt bulbs, while three socket reading lamps should have three 40 watt bulbs. The shade should be lightly tinted inside and open at the top so that some light may escape to the ceiling and be reflected. It should be deep enough to hide the bare bulbs when reading. Other lights in the room are advisable to avoid sharp contrasts. Sewing is one of the most difficult visual jobs in the home and requires at least 100 watts. Darning black socks is the worst, for there is little contrast between the thread and mesh. Indirect floor lamps throwing light to the ceiling should have one 250 or 300-watt bulb or the new 100-200-300 watt indirect 3-light lamp. The bridge lamp with a single socket should be equipped with a 75 watt bulb.

BRIDGE AND GAMES

It is important to have general illumination as well as good light on the bridge table itself. Contrast is annoying and fatiguing. An indirect portable lamp with its 300 watts is not too much. The ordinary bridge lamp was not designed for cards. It needs help from other light source. Children need lots of light for games; far more than their elders. Allowance should also be made for the low level at which their eyes are used.

HOUSEWORK

For the kitchen a glass enclosed unit in the center of the ceiling with a 100 or 150 watt bulb is recommended. Walls should be light in tone. Bracket lamps can be used to illuminate the range or the refrigerator. In the laundry, fixtures should have 150 watt daylight bulbs which make for less scorching of clothes. Most basements should have several 60 watt bulbs, with more light over work-benches. Basement lights, like others, should be shielded.

BEDROOM AND BATH

If you read in bed, be sure that you have at least 60 watts, or better 75, depending on how near the bulb is to the book or magazine. Lights on either side of a dressing table should be 40 or 60 watts. For shaving, 40 watt bulbs on either side of the mirror, or 60 watts above it, will help men to avoid slicing their chins.

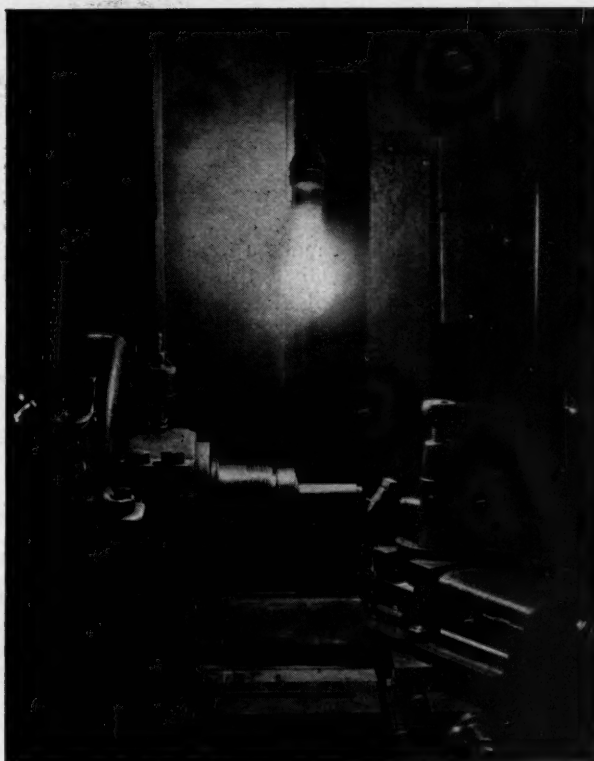
EATING

Unless you read on the dining room table or the children study on it, lighting may be of lower degree than in the living room. The central fixture should contain from 100 to 200 watts, with the bulbs shaded. Wall brackets with 15 or 25 watt lamps should be shaded or shielded. Dining by candlelight is not hard on the eyes, if there is some other illumination in the room.

FURTHERMORE—

Eyes should be examined regularly; at any time in life they may need attention and correction by specialists. Millions of otherwise intelligent people need glasses, but do nothing about it. They pay the penalty in personal efficiency and nervous fatigue. A man reading in poor light expends as much nervous energy as a man digging a ditch. Older persons need more light than others, but usually don't get it. The eyes, which are the most important part of the body, usually get the least attention. It is time for a new deal.

size or change the shape of small tools. Newspapers are harder on the eyes than books, due to the lesser contrast between type and paper, yet a publisher cannot increase his newspaper size or type very much without causing trouble elsewhere. In driving an automobile, the length of time required to perceive an object may mean the difference between life and death at high speed. But autos travel faster every year; the only thing that can be done is to improve the highways and their lighting. With poor illumination, objects seem to be moving faster than they really are. With good light, a shorter time is required to see an object;



Unshaded lights cause thousands of industrial accidents every year. When he looks away or leaves his machine, the worker's eyes have difficulty adjusting themselves. The man may fail to see moving machinery or objects on the floor—which usually means a trip to the hospital.

one can act faster and with less expenditure of energy. Light is the one factor in good seeing which can be substantially improved.

At home one usually recognizes better light only by contrast, for Nature has made eyes so that they adjust themselves to almost any condition. The eyes were made for outdoors, and when they overwork indoors, something goes haywire. A man who uses his eyes for long periods of time under inadequate light frequently shows greater nervous tension than a man digging a ditch. When a business man works all day in poor light, he expends a great deal of energy, even though he does nothing but sign letters. No wonder he nods over his newspaper at night or trumps his wife's ace. He is a genuinely Tired Business Man.

Good lighting, fortunately, helps defective eyes even more than it helps good eyes. Some tasks demand more light than others. Sewing is harder on the eyes than reading; darning black socks is more difficult than sewing. There should be no glare in any room or place, and light should be well distributed. Strong contrasts may be fine on the stage but they have no place in the home. Everyone, except a young man in love, wants and should have plenty of light.

Bad Lighting Causes Accidents

Recent research has shown what poor light costs in the home, office and factory. A major debit is to be found in accidents, in worker health. It is estimated that manufacturers in the United States lose a billion dollars a year because of industrial accidents; \$150,000,000 of this can be charged to poor illumination.

It is generally estimated that at least 15 per cent

of all industrial accidents are due to faulty lighting. Some say 25 per cent. According to the National Safety Council, 14,500 men were killed in the course of employment during 1933. It would be safe to say that at least 2,000 of those men lost their lives as a result of poor lighting: they could not see danger. One authority believes that 3,500 would be more accurate, due to neglect in reporting accident causes. This ghostly legion would not make a pretty sight marching up Fifth Avenue. Altogether, there are some 114,000 blind people in the United States, and 17,000 of them were blinded in industry.

regularly. A plant manager who has rubbed shoulders with labor would not be inclined to say that good light and congenial surroundings will satisfy labor's demands, but they are not to be overlooked as builders of good will. If this seems but a generality, see what light does for the customers in department stores.

The Home Sector

The percentage of homes adequately lighted is probably no greater than is to be found in the industrial plants. About one in five, rich or poor, is up to a reasonable standard for good health and human efficiency.



This office of the Massachusetts Mutual Life Insurance Company is well lighted, both with daylight and artificial illumination. The walls and ceilings reflect the maximum amount of light. Illumination is even, and thus comfortable for eyes which must do close work. The dull finished desks do not reflect light into the workers' eyes.

It is a commonly held opinion that most of our office buildings and factories have enough daylight and electric lights. The facts are, say the electrical specialists, that four out of five have conditions which are harmful to the eyes of the employees, granting that they may be worse off at home. Further, such conditions may be costing the operators substantial sums. R. E. Simpson, formerly of The Travelers Insurance Company, states that an analysis of that company's reports shows that for every dollar paid out by an insurance company in settlement of claims, the employer must pay, on the average, at least four dollars, to meet hidden or incidental costs.

Industrial Lighting

The employer's troubles are partially taken care of with workmen's compensation, but the worker's are just beginning. If he is killed outright or loses the sight of both eyes, he may get \$5,000. How many years will this buy groceries for a family? If he loses one eye, an arm, a leg, or a finger or two, the sum may dwindle down below \$1,000. Such payments represent but a fraction of the loss the worker will sustain in his earnings thereafter.

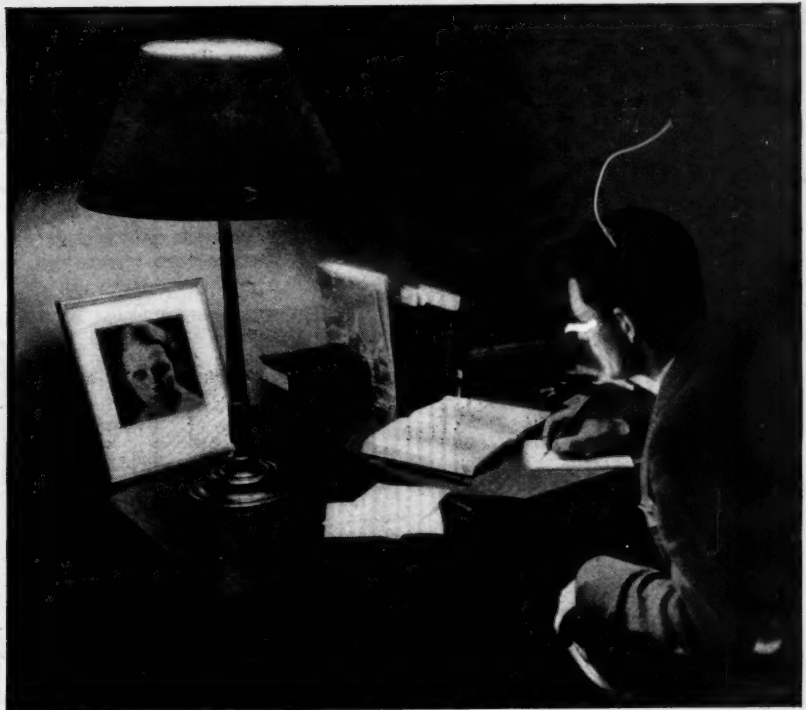
The food industry was one of the first to profit by the association in the public mind of light and cleanliness. The shoe manufacturers, textiles, and others have found dollars and cents as well as worker-health in good seeing. Not only do many concerns make sure their employees have light to see well, but some hundred firms now have their employee's eyes examined

Cheap lamp bulbs may be expensive bulbs in the long run. Ordinarily the original cost of a bulb is but 10 per cent of the total light bill. A poor bulb may eat up the original saving several times in increased current. Tests show that most cheap bulbs are of lower efficiency. Their life may be very short or very long. Longer life in a cheap bulb means increased current; the bulb is better thrown away. The standard Mazda bulb is manufactured to last 1,000 hours.

Different tasks in the home require different intensities of light. In the dining room, objects of table use are comparatively large. One needs to be able to tell broccoli from cauliflower, and that is about all. In the living room lamps should be placed so as to provide ample reading light plus general illumination. Children playing on the floor, who need more light than their elders, usually get far less. When entertaining, more light is needed. Light has a psychological value associated with ease and well-being that hostesses cannot overlook. Soft lights may be easy on the "crow's feet" but they are tough on gaiety and enthusiasm. One does not need to have one's home lighted as brightly as Broadway, but a wise hostess can take a tip from the showmen in promoting cheerfulness. The customary amount of light used for reading is not enough.

Bedrooms, of course, do not need as much light as do bathrooms, unless one reads at night. Most bathrooms do not have enough light for the mirror; 60 watts directly above the glass or 40 on each side should be a minimum. There is nothing more disconcerting for a man than to try to shave with a pin-

This student lamp gives both direct and indirect illumination. It does not make for strong contrasts. Most student lamps are used with the bulb too close to the work, causing glare. Glare causes fatigue and eye-strain.



point of light, a strange razor and a 24-hour beard. Only a blowtorch can do the job under these circumstances.

In the kitchen, where the real world's work is done, vast improvements in arrangement and in appliances are being made and lighting has benefitted accordingly. In more ways than one the basement is the busiest spot in the house. There the furnace is tended, canned goods stored, the washing done, fly screens stored, and useless gadgets built by rainy day carpenters. But the basement is usually the worst lighted room in the house. One 60-watt bulb is not enough.

If a home has children's rooms, they should have more light than the adults' rooms. Young eyes need a lot of it for pictures, games and story books. Allowance, as well, should be made for the low level at which they will be read. On the floor, probably. Often a small light placed near the bed is a handy comfort for the small folks. Bogey men are still about.

Another important factor in good seeing is the type of wall-finish of a room. Any nitwit knows that a light room is more cheery than a dark one, and fac-

tories have gradually come to see the dollars and cents value of lightly tinted walls in safety as well as psychology. Paint, wallpaper, tinted plaster, woodwork—all have their respective uses. They vary greatly in the amount of light they reflect. In case you have forgotten your high school physics, different materials and different colors reflect different amounts of light. Assuming the material is the same, a white wall reflects more light than a green one, and so on. Reflection values naturally have an important part in the lighting of a room; not all the light should be allowed to escape. The following working table, suggested by M. Rea Paul, shows the reflection values of different colors of painted walls:

Approximate Percentage of Reflected Light

White	75 to 84 per cent
Cream	60 to 80 per cent
Yellow	60 to 75 per cent
Buff	50 to 65 per cent
Yellow green	50 to 70 per cent
Light red	35 to 50 per cent
Light blue	35 to 50 per cent
Grays	Range from 15 to 65 per cent

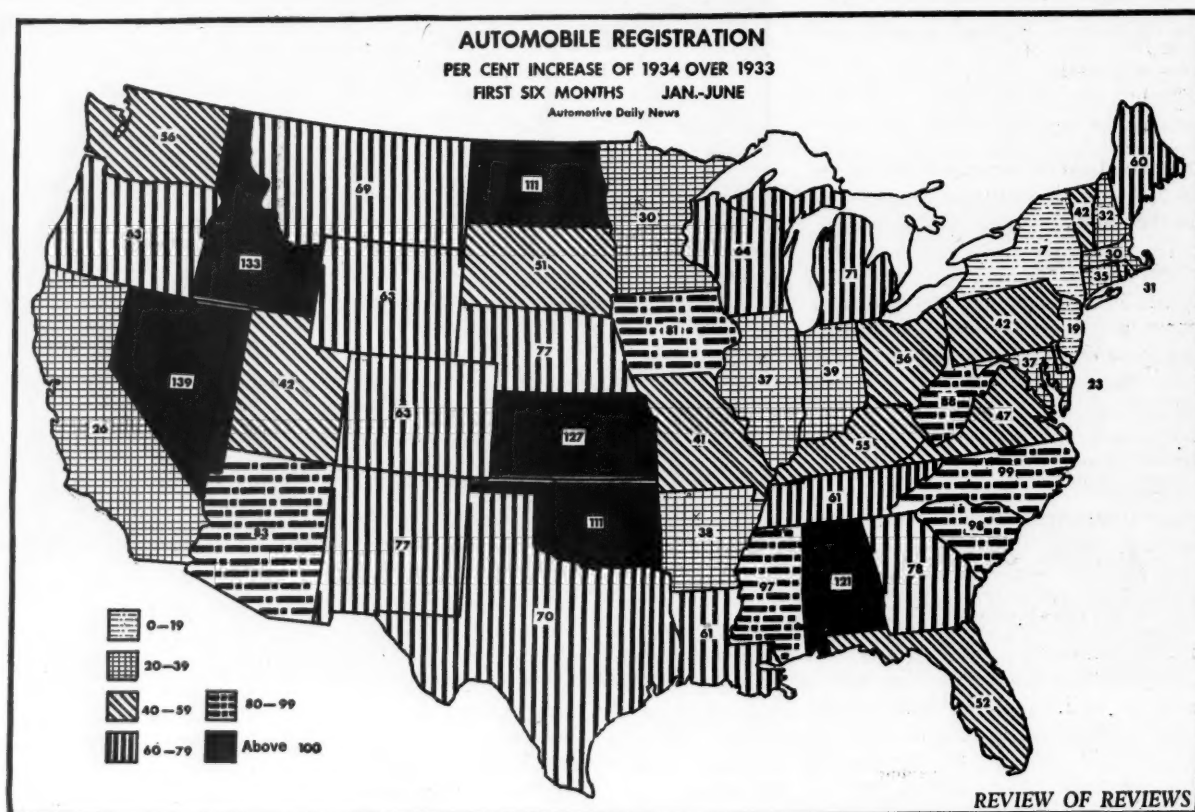
What Colors Do to You

Colors have various emotional effects on beholders. Black and gray are conducive (*Cont'd on page 62*)



THERE should not only be ample light on the reading page, but enough to illuminate, to some degree, the surrounding room. Strong contrasts are fatiguing. Children playing on the floor at night rarely get enough light, although their young eyes need far more than the eyes of their elders.

THE PULSE OF BUSINESS



WE recently had luncheon with the vice president of a well-known firm of foreign perfume manufacturers. Business was quite good. One item perplexed him. The New York office had just filled a substantial order for expensive perfumes to Des Moines, Iowa. In fact, recent sales to that state exceeded sales in New York. It was a phenomenon which he could not understand. Being able to read the newspapers he had been under the impression that the Middle and Far West were a combination of Armenia after a Turkish treatment, and China after the Yangtze had gone on a rampage. We assured him that it was a big country and that serious distress might be suffered over wide areas and yet leave a substantial part of the country green and teeming at harvest time. This was not a complete answer.

The Farmer Buys a New Car

An analysis of passenger car sales for the first six months of the year by states has just come to hand and affords a comparison with the same period in 1933. The country as a whole shows an increase of 45.7 per cent in registrations. New York state leads the list at the bottom with an increase of only 7 per cent. At the other end appears Nevada with an increase of 139 per cent followed by Idaho with 133 per cent and Kansas with 127 per cent. Other states that better than double last year's performance are Alabama, North Dakota, and Oklahoma. It is curious that the poorest states

in the Union should be found in the Middle Atlantic group with New York at the bottom, New Jersey second and Delaware third. If we take geographic groups of the states, the Middle West ranks first with an increase of 95.7 per cent over last year.

Repressed Demand

A partial explanation of this is to be found in a rebound of the states showing the most startling improvement from the abnormal levels of the depression years. The first faint return of prosperity was at once harnessed to a new car. Even though New York brings up the rear in this comparison with 1933, her citizens bought approximately ten per cent of all the passenger cars sold during the first half of the year. In spite of the amazing improvement among the states in the Middle Western group, their 74,643 cars fall far short of the 100,686 accounted for by the Empire state.

Government Checks as Installment Payments

There is another factor to which must be assigned a prominent, if not dominant, role in the enhanced buying power of the farm belt. This is the prodigious stream of funds which has been pouring from the Federal Treasury into regions genuinely and otherwise stricken. Automobile dealers report many government relief and benefit checks endorsed over to them as first payments on new cars. It is no crime for a farmer to buy a new car, but there are benighted taxpayers,

GENERAL BUSINESS INDICES

FINANCIAL

	JULY, 1934		JUNE, 1934		MAY, 1934		JULY, 1933		JULY, 1932	
	Data	Index	Data	Index	Data	Index	Data	Index	Data	Index
Bond Sales—N. Y. Stock Exch.....	\$264,600,000	105	\$267,100,000	89	\$284,700,000	103	\$384,000,000	154	\$243,600,000	97
Stock Sales—N. Y. Stock Exch. (num- ber of shares).....	21,113,000	21	16,802,000	17	25,336,000	25	120,300,000	121	23,100,000	23
Corp. Div. and Int. Payments.....	Not available		Not available		Not available		\$763,000,000	95	\$814,000,000	101
New Corporate Security Issues.....	\$20,279,000	4	\$9,420,000	2	\$28,823,000	4	\$52,760,000	11	\$112,000,000	23
Money Rates in New York City.....	.94%	20	.94%	20	.96%	21	1.16%	25	1.69%	37
Bank Debits in New York City.....	\$13,842,000,000	48	\$15,388,000,000	49	\$14,653,000,000	48	\$17,354,000,000	65	\$12,728,000,000	52
Rate of Circulation of Bank Deposits in New York City.....	2.02	45	2.23	44	2.21	44	2.80	63	2.25	50
Index of FINANCIAL ACTIVITY		31.4		29.6		32.3		65.7		43.0

DISTRIBUTION

Magazine Advertising (Agate Lines)	2,078,000	73	2,513,000	69	2,770,000	69	1,446,000	50	1,103,000	55
Newspaper Advertising (Lines)†....	83,183,000	65	103,646,000	69	112,122,000	68	78,319,000	61	80,871,000	63
Foreign Trade	Not available		\$307,000,000	61	\$316,000,000	63	\$288,000,000	66	\$186,000,000	45
Merchandise Carloadings (Weekly Average)	372,000	67	401,000	70	407,000	70	391,000	71	333,000	60
Department Store Sales (Federal Reserve Index)	72	75	*74	*78	77	81	71	78	67	77
Bank Debits Outside N. Y. City.....	\$13,910,000,000	57	\$14,754,000,000	60	\$14,105,000,000	58	\$13,878,000,000	64	\$12,511,000,000	63
Rate of Circulation of Bank Deposits Outside New York City.....	1.34	76	1.45	79	1.46	81	1.52	86	1.17	66
Index of DISTRIBUTION		68.9		*70.0		70.8		71.6		62.7

PRODUCTION

Steel Ingot Production (Capacity)..	26.75%	38	52.68%	71	58.06%	74	56%	79	15%	21
Pig Iron Production (Average Daily Tons)	39,510	47	64,338	72	65,900	71	58,700	69	18,500	22
Domestic Cotton Consumption (Run- ning Bales)	355,000	83	390,000	84	535,000	106	600,100	141	278,700	68
Total Construction Contracts.....	\$119,700,000	32	\$127,100,000	28	\$134,400,000	31	\$91,000,000	29	\$129,000,000	44
Electric Power Production (Kw. Hours Aver. Daily)	243,000,000	73	250,000,000	73	251,000,000	74	249,000,000	78	210,500,000	72
U. S. Automobile Production.....	**210,000	64	*308,051	*80	331,641	73	230,000	70	111,100	34
Commodity Carloadings (Average Weekly)	213,000	61	215,000	62	204,000	60	228,000	66	151,000	43
Crude Oil Production (Barrels).....	79,670,000	100	77,700,000	101	76,880,000	97	82,150,000	103	66,310,000	83
Bituminous Coal Production (Tons)..	25,008,000	69	26,803,000	74	28,317,000	78	29,400,000	80	17,900,000	49
Portland Cement Production (Capacity)	Not available		39.8%	47	37.5%	46	38.5%	46	33.4%	40
Boot and Shoe Production (Pairs)..	Not available		Not available		32,818,000	111	33,700,000	119	20,400,000	72
Index of PRODUCTION		55.4		*61.1		*67.0		67.1		49.0

INDEX OF GENERAL BUSINESS

.....	55.2	*58.7	*62.6	68.1	52.2
	**Estimated		*Revised		†Index revised to include 52 cities				

obsessed with the quaint notion that high government expenditures today mean heavier taxes tomorrow, who wonder if it is another New Deal government responsibility to provide every citizen with a car. How else can families on relief collect the bacon, corned beef, flour and clothing which the government is distributing?

How Real Is Recovery?

The effect of Federal disbursements upon farm buying power raises a serious question regarding the nature and origin of the "recovery" which the country has realized from the depression low. To what extent is it substantial, self-generating, and self-maintaining recovery, and to what extent is it merely the result of repeated shots in the arm from a benign government with a keen eye for the next election? Harry Hopkins and the Federal Emergency Relief Administration are maintaining more than 4.4 million families on relief. In addition to direct grants in kind, these people are averaging \$24 a month in cash from Uncle Sam. Jobs

have been provided on relief projects for 1,813,000 workers. The government is purchasing 7 million cattle and 5 million sheep in the drought areas. Such relief checks, benefit payments from the proceeds of processing taxes, and profits from cotton options, may easily exceed a billion dollars for the year.

Starving Steers and Steel Sheets

The effect of government expenditures is far-reaching. The purchase of the 7 million cattle in the drought areas made itself felt at once in the rate of steel operations. To place these animals in cans would require 175,000 tons of metal. The hand of the state is clearly discernible in the improved condition of employment. When the President assumed office there were 13,689,000 workers out of jobs. Since then that has been reduced 5,190,000, leaving 8,499,000 men and women still seeking work. William Green, President of the American Federation of Labor, presents a much higher unemployed figure, but this is due to his refusal to consider the 1,813,000 men on (Continued on page 56)

• • The March of Events • •

The President Returns

Back to the mainland, after 33 days on the water. He inspects dam sites in the Northwest.

PRESIDENT ROOSEVELT spends four days in Hawaii (July 25-28), the first President ever to visit the islands. The cruiser *Houston* then turns homeward, bound for Portland, Oregon.

LANDING at Portland (August 3), the President returns to continental United States after more than a month's absence aboard a naval vessel. He speaks at the site of the Bonneville Dam, a \$31,000,000 power and irrigation project on the Columbia River in Oregon.

A MOTOR trip to the site of the \$63,-000,000 power and irrigation project, the Grand Coulee Dam across the upper Columbia River in Washington (August 4), leads to an address by the President on cheap power.

THE President spends the day August 5) in Glacier National Park, Montana, and in an evening radio talk he extols the splendors and benefits of national parks.

Militia on the Job

Widespread labor struggles and two political disputes require the services of state militia.

GOVERNOR LANGER's effort to keep office with the aid of the North Dakota National Guard is ended (July 18) as the commanding officer recognizes a decision of the state Supreme Court disqualifying Langer as a consequence of conviction of fraud in the use of federal relief funds. Lieutenant Governor Ole H. Olson becomes Acting Governor and sends the militia home.

GOVERNOR MEIER of Oregon mobilizes units of the Oregon National Guard (July 20) to preserve peace in the Portland waterfront tie-up.

WISCONSIN troops are called out (July 28) when lives are lost in labor riots at Kohler.

IN New Orleans a political dispute between Governor O. K. Allen and Mayor T. S. Walmesley becomes acute (August 1) as the Governor calls out the National Guard and the Mayor expands the police force. The dispute is over an act of the legislature—controlled by Senator Huey Long—creating a new police commission, with the Mayor backed by a restraining court order.

MINNEAPOLIS comes under the rule of Adjutant General E. A. Walsh of the Minnesota National Guard (August 1), called for strike duty by Governor Floyd B. Olson. The troops seize truck-

drivers' headquarters after the strikers refuse to recognize military permits for moving trucks with non-union drivers. On the following day the troops raid offices of the Citizens' Alliance, alleged to dominate truck owners.

New Deal Echoes

Barometers that measure progress made toward national recovery.

A DECLINE in manufacturing and employment is recorded (July 29) by the National Industrial Conference Board—the first real halt since November, 1933. Manufacturing activity, total man hours of work, decreased 2.4 per cent during June; payrolls decreased 2.6 per cent.

A COUNT by the United Press (August 3) shows 7,538,836 persons receiving federal compensation, through salaries, pensions, pay for work on government projects, or relief. Employees total 911,234; military, 259,034; pensioners, 918,568.

AN NRA survey of steel employment (August 4) shows a 34.8 per cent increase in employees in June, 1934, over June, 1933; a 61.8 per cent increase in wages and salaries; and a 31.9 per cent increase in average earnings per hour.

WITH ten million still unemployed, the president of the American Federation of Labor, William Green, raises the question (August 5): "Will it be necessary for society to take over the means of production? Will the Government be forced to invite the eager and willing workers to march into the idle shops and throw the levers of the machines that will again pour out the endless amount of goods our people require?"

LIVING COSTS are estimated by the National Industrial Conference Board (August 5) to have increased 10.6 per cent since April, 1933.

Militant Labor

A general strike in San Francisco fails quickly. But other strikes, largely in the West, are prolonged.

ALABAMA textile mills, 28 in the northern part of the state, close (July 17) on the first day of a strike. A 30-hour week is demanded, a \$12 minimum wage, and union recognition.

SAN FRANCISCO's general strike is ended (July 19) after three days of attempted government by decree of a labor committee. The same committee which voted for the general strike votes 191 to 174 for an immediate return to work.

SEATTLE waterfront strikers who for days held two piers are routed by police with tear and nausea gas, under personal

command of Mayor Charles L. Smith (July 20). The *President Grant* sails two days later, the first passenger and freight vessel for the Orient since May 13.

PORTLAND's dock tie-up is relieved, after ten weeks, by police and deputy sheriffs (July 20). A regiment of the Oregon National Guard, called out by Governor Meier, is camped outside the city.

MINNEAPOLIS truck drivers clash with police escorting a truck (July 20). One person is killed and 48 receive hospital treatment. National Guard units move into the city. It is a flare-up of the May strike, supposedly settled.

A NATIONAL Mediation Board is appointed by the President (July 21) under the Railway Labor Disputes Act passed in the last days of Congress. Its members are: Prof. William M. Leiserson of Antioch College; James M. Carmalt, legal adviser to the Railway Co-ordinator, and John Carmody, chief engineer of the Federal Emergency Relief Administration. Other members will be recommended by railway executives and railway labor. The board is to function as a higher court in cases which are not settled by the National Board of Adjustment created by the same law.

CHICAGO's stockyards are seriously affected by a strike of 800 livestock handlers (July 24), while the yards are jammed with cattle purchased by the Government as a relief measure in the drought area.

HOPWELL, Virginia, sees its leading industrial plant close its doors permanently (July 24) as a result of a strike of 1,500 employees which caused serious damage to rayon materials in process and to idle equipment. Another plant owned by the same company in Georgia will carry on.

PACIFIC COAST longshoremen, on strike since May 9, vote 6,378 to 1,471 to accept arbitration and meanwhile return to work (July 25). Arbitration will be under the National Longshoremen's Board appointed by President Roosevelt.

MINNEAPOLIS is placed under martial law by Governor Olson (July 26) as the employers of striking truckmen refuse to accept terms proposed by federal mediators. The strikers accept, 1,866 to 147.

KOHLER, Wisconsin, model industrial town where the principal employer helped his workers to own homes and plant gardens, is the scene of a labor disturbance (July 28) in which two strikers are killed in an attack on the Kohler Manufacturing Company's plant. Six hundred state militia later move in.

CHICAGO's stockyard strike is ended
(Continued on page 14)

International RACKET in Arms!

By F. H. DRINKWATER

An English Catholic Clergyman
Airs His Views on Munitions-Making



The Armament
Manufacturer
Makes His Pile.

From *Plebs*
(London)

THERE ARE many queer trades, but surely the queerest is the one which has for its direct material purpose the killing, maiming, disembowelling, blinding, poisoning, and choking of young men.

Though, perhaps, we ought to say women and children instead of young men, since Mr. Baldwin warns us that to save ourselves in the next war we shall have to "kill more women and children more quickly than the enemy."

I am not a pacifist. A just war of defense is not against God's Commandments, though I do not see how it can be reconciled with the Christian counsels (supposing any nation desired to live by them), unless in the case of attack by cruel and murderous invaders out simply to destroy. There is much to be put down on the credit side of war's balance-sheet. But that does not change the main fact, which is that modern scientific warfare has become, for mankind at large, a suicidal insanity.

"A bloody mug's game!" I heard a weary stretcher-bearer say, as he threw himself down for a few moments' rest about dusk on July 1, 1916. In the wide social sense his words were absolutely right. Another little war or two, with all the latest inventions of the slaughter-specialists, and our civilization, with all its hopes and plans, will soon enough be one with Nineveh and Tyre.

Disarmament would not stop wars, though it would lessen their destructiveness at the beginning and give more chance to second thoughts. In any case, whatever arms a government needs, it can reasonably be left to manufacture for itself. As for the private armament industry, it is an international chain-store whose headquarters are in Hell.

The great combines—Vickers of Britain, Schneider-Creusot of France, Skoda of Czechoslovakia, Bethlehem Steel (what a name to choose!) of U. S. A., Mitsui of Japan, Krupp of Germany—are forging again those numerous links and inter-connections which in pre-war days made them and their predecessors into one great ring for the exploiting of men's worst passions.

It is the business of their inventors to think out ever more frightful and efficient engines of destruction, while their salesmen see to it that every country shall feel obliged to adopt them.

When the private armament trade was debated in Parliament (February 14, 1934), the War Office spokesman defended its continuance by saying that its abolition would mean throwing large numbers of men out of work; and then in the same breath he said it would mean that the government would have to increase its own armament manufacture, wasting money on munitions that might never come into use. The private armament trade, in spite of all its dangers and objectionable features, must be kept on to provide employment *and/or* to save money. Employment is set up as an end in itself, yet it is reckoned extravagant to provide government employment by making munitions that may never be used. Evidently the only sound military and financial solution is to keep our private armament firms going by making munitions for countries which are foolish enough to use them, or perhaps for our future enemies.

The armament firms claim to be doing a necessary work of patriotism. But they supply all-comers, including the likely enemies of their own country, and to make sure of doing so they have their branches and subsidiary companies in as many other countries as possible.

Munitions for Defense Only

Last year one English firm was advertising its field-guns in a military journal in Germany. This year another English firm announced a much-improved type of armor-piercing shell which they have patented in eight countries; so that in the next war our men will probably be killed by shells actually being made in England now.

It is most notably in France that the armament industry has bought over the newspapers, and is able to influence public opinion by scares and rumors of war.

American armament firms have admitted paying \$25,000 to an "observer" who did "publicity work" for them at the Geneva Naval Conference in 1927; his efforts there seem to have been to prevent arms limitation, to spread anti-British propaganda, to discredit peace advocates, and so on.

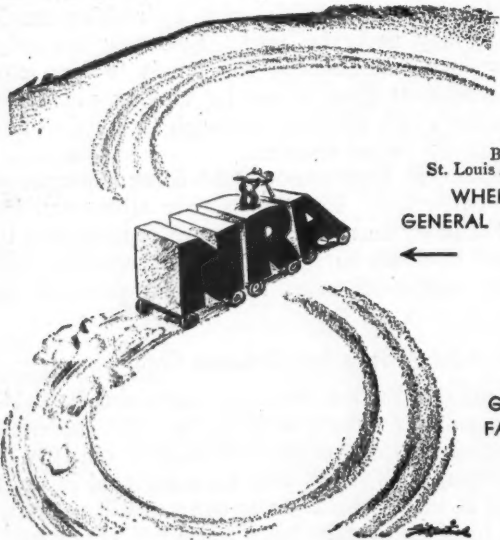
Today, then, as always, the armament industry thrives on national suspicions and hatreds. It is like a huge malignant growth in the suffering body of humanity.

And now to the chief point. The armament industry, like any other industry, depends for its success and expansion upon the favor of "those who are able to control credit and determine its allotment."

Banks and bankers probably have direct holdings in armament firms, though information about this is not available. But the banks can be more useful to the armament industry in other ways, by providing the needed credit-backing for its (*Continued on page 63*)



CARTOONS OF THE MONTH



Banking—A Football of Political Expediency

By ALBERT SHAW

State Banks— The Gift of Andrew Jackson

THE HISTORIC panic of 1837, with the years of depression that ensued, came at the end of Andrew Jackson's eight years in the White House; and Martin Van Buren was fated to make the presidential decisions. There had been wild speculation in western lands. Jackson had succeeded in destroying the Bank of the United States as the fiscal agent of the Federal government. State banks had been designated as depositories of United States funds. Under various state banking laws these local institutions had issued their own circulating notes.

Gold and silver, at a legal coinage ratio, formed the basic money of the country. But with the breaking of the speculative boom people lost confidence in the banks, and insisted upon having gold and silver in place of paper currency. The banks of New York and certain other states were solvent, and could redeem their notes. But this was not the case with the banks of states farther west. Their notes were in circulation throughout the country, at widely fluctuating discounts. This state bank paper had by Jackson's orders been taken at the Federal Land Offices in payment for public lands. But a new order was suddenly issued by the impulsive President to the effect that gold and silver (rather than bank notes at face value) must be paid to the land agents. Hundreds of banks failed, a widespread panic followed, along with years of depression.

The sub-Treasury system was devised for the holding of moneys received as government revenue. The Bank of the United States would have been restored to its central functions but for the exigencies of Democratic politics. Jackson had fought the Bank, and the facile Van Buren, with many good qualities, was Jackson's obedient servant.

Van Buren Disclaims Responsibility

MR. VAN BUREN, comfortably ensconced in the White House, looked forth upon the country in its agonies of economic distress. And with his fluency in speech and his flexibility in political dogmas he pronounced his conclusions to the anxious citizenry. He held, in brief, that business must take care of itself, and that banking also was business. If the people were in distress, Poor Relief was

a function of states and localities. The Federal government had no authority, nor any appropriate function, according to Mr. Van Buren, as regards the fluctuating fortunes of private individuals whether they made money or lost money through their speculative instincts.

But Mr. Van Buren's doctrines gave cold comfort to the American people who, in all times of emergency, find themselves aware of their nationhood. Daniel Webster and the other great Whig orators of that day declared that money and banking were subjects that belonged of necessity within the domain of Federal jurisdiction. We are reprinting in the *Golden Book* for September the essential parts of a great speech made by Daniel Webster at Saratoga in 1840, in which he demanded a uniform system of money and currency and a uniform system of banking, under the sole auspices and control of the Government of the United States.

The bold sweep of western pioneering had been promoted by the survey and sale of public lands as a Federal affair. Such movements were on a national scale. While there must be no check upon the spirit of self-help, and while there must be freedom for business enterprise, there were fundamental conditions that must be recognized and dealt with by the central authorities at Washington. Thus argued Webster and Clay, in bold attacks upon Van Buren's disclaimers of Federal responsibility.

Unified Banking Hard to Attain

MR. WEBSTER and Mr. Clay supported moderate protective tariffs as essential to the establishment of diversified industries. They held that the United States must be independent in the economic as well as the political sense. Jackson himself had asserted Federal authority as against South Carolina's nullification of the Whig protective tariff. But Jackson had failed to take a consistent view of the questions of money and banking.

The Whigs had nominated William Henry Harrison in 1840 on broad doctrines of national as against local authority. Seeking Southern support, they had mistakenly selected John Tyler of Virginia for second place on the ticket. They were victorious, but Harrison died within a month after his inauguration in March, 1841. Tyler became President,

and succeeded in thwarting Whig proposals for rechartering the Bank of the United States and other policies that would fully recognize the interstate character of our fabric of business, and the international aspects of our commerce.

Ever since the Jackson-Van Buren-Tyler period we have been the victims of our inability to create a unified system of banking. We had another historic panic and period of depression that began in 1857, the year of Buchanan's accession to the presidency. This worthy gentleman, like Mr. Van Buren, lacked the masterful qualities that the emergencies of his period required. It was during his administration that the slavery issue reached its crisis. The election of Lincoln in 1860 turned not solely upon this problem of Negro slavery, but also upon policies relating to business. Under Democratic administrations the tariff level had been lowered in the interest of foreign trade. There was insatiate demand in Europe for our southern cotton. The South lacked manufactures, and preferred to buy European goods in direct exchange for cotton and other southern products.

Local Money Kings Win Out

THE REPUBLICANS in 1860 carried the election on high tariff doctrines and economic nationalism. The panic of '57 had hit the northern states especially hard. With the accession of Lincoln, the northern half of the country had only begun to recover from business collapse. A large part of the confidence that inspired the South to undertake its war for independence was due to the fact that the cotton states were relatively prosperous, while the North was still suffering from the consequences of the panic of 1857.

A high tariff law was soon adopted by the Republican Congress. In due time the National Bank Act was passed, and the state banks were compelled to abandon their issues of paper money by the imposition of a Federal tax of 10 per cent upon their currencies.

The Republicans were nationalists, but they could not break down the traditional prejudices against a central Bank of the United States. There were thousands of local people throughout the country who wanted to be money kings in their own towns and cities, and who insisted upon setting themselves up as

bankers, under state laws which they were influential enough to secure and maintain in their own interest. When times were good these local banks seemed to be well managed and secure. When times were bad they failed in great numbers. Particular states tried now and then to invent safeguards for depositors. But no local independent banks could function in assured safety when depositors became alarmed in times of panic. Nothing could have saved small banks in such crises except an organic connection with some large system. Local banks do not fail in Canada, in Ireland, in England—or for that matter in almost any other country, the United States being the one great, blundering, stupid exception.

Blundering At Every Crisis

NEVERTHELESS, a political philosopher like Edmund Burke, looking back upon the course of affairs, might reason that history must make itself as it will, and that nations, like individuals, must not condemn too severely the mistakes that they have made, as they try to evaluate their past experiences. It is true that John Tyler's veto prevented the re-chartering of the Bank of the United States. But it is also true that the country recovered quite completely from the depression that followed the panic of 1837. It owed no thanks to Mr. Van Buren or Mr. Tyler for any positive efforts on their part to save business people, bankers, farmers and pioneers from the bursting of their own thousands of small balloons. But these people accepted their bankruptcies, their mortgage foreclosures, and all their unhappy reverses as constituting a situation that they must meet, mainly through their own efforts.

The state banks were actually reorganized and set on their feet. They did, in fact, resume gold and silver payments. The frontier moved on farther west. James K. Polk beat Henry Clay for the presidency in 1844, the Mexican War was fought against Whig protests, and the country boomed again. Whereupon, the Whigs nominated a Mexican War hero for the presidency, and actually elected "Old Zach" Taylor.

We had acquired California and our new Southwest, had compromised the Oregon dispute, and were getting ourselves "good and ready" to test the Constitution and to settle the issue of national supremacy. The struggle that ended slavery and restored the Union set us on the pathway of unprecedented national advancement. With the new homestead laws, and the new land-grant railroads, we invited the world to come, make farm homes, build western cities, and govern new states. Millions came; they prospered; and they met adversity in successive panics and depressions.

Thus, if we choose to look back upon

our pilgrimage as a people, we may deal severely with ourselves and discover that we have blundered in almost every crisis. On the other hand, we may study our record in a more wholesome and less sophisticated manner. Our mistakes, we may conclude, have been less disastrous than those of other nations, during the century and a half since our independence was accepted by the world.

History Casts a Light

OUR WRITTEN Constitution has been amended from time to time, but its framework of Federal government remains as adopted in 1788, although population has grown more than thirty-fold, territory has expanded from the Mississippi to the Pacific Ocean, and states have increased in number from thirteen to forty-eight. The Constitution survives at least in name and formality.

We are bound, therefore, to debate the question whether or not at the present time we are pursuing excellent policies. To state it differently, are we submitting to public measures that are hampering us more than they are helping? Are the beneficiaries accepting public help when they ought to be helping themselves? Are those who would prefer to help themselves discovering that an entangling network of officialism now constantly interferes with their efforts to manage their own affairs?

The remark of Edmund Burke's to which allusion was made in our opening sentence (page 17) reads: "I have constantly observed, that the generality of people are fifty years, at least, behind-hand in their politicks. There are but very few, who are capable of comparing and digesting what passes before their eyes at different times and occasions."

Mr. Webster and his political associates believed that they were capable of comparing and digesting. Public opinion supported them, and if President Harrison had lived a little longer the Bank of the United States would have been re-chartered. Or, if the written Constitution had given less weight to the veto power, as exercised by Tyler, our banking and currency systems for an entire century would have had a far different history. Yet William J. Bryan believed that Webster was wrong and that Tyler was right. In Woodrow Wilson's presidency the Tyler view still dominated as against the Webster view. Lincoln had abolished the state currencies, but neither Woodrow Wilson nor Franklin Roosevelt could eliminate the forty-eight banking systems of the States.

A Lost Opportunity

WHEN CONGRESS gave the President power in March of last year to close, re-open, and reorganize the banks of the United States, there seemed to be a perfect opportunity to create a

unified system under Federal charters, as if by the waving of a wand. Yet Mr. Roosevelt did not undertake this reform, and we are not aware that it was urged upon him by experienced officials, by bankers, or by any leaders of thought and opinion in the field of finance. It is true that nobody argues strongly in favor of half a hundred different banking systems. If they did not exist, certainly nobody would be likely to advocate them on theoretical grounds.

The persistence of bad banking arrangements is due, in the last analysis, to politics rather than to business. The cumulative resistance to complete banking reform is not aggressive. It succeeds through sheer inertia. Thus, the victory that Daniel Webster would have won quite easily nearly a century ago if he or Henry Clay, instead of the venerable Harrison, had been nominated by the Whigs, has been deferred again and again through the exigencies of party politics. It has been said that no country deserves any better government than it actually sets up for itself. The country is responsible for its own laws, its own banking system, its own booms, and the depressions that form a part of its so-called "economic cycles".

The Rise and Fall of Nations

HISTORY disdains our impatience, and takes its own time. Ireland has spent eight hundred years in trying to get completely rid of the British yoke. The British, in turn, have been willing to do almost everything in the world except to allow Ireland to decide certain matters for herself. Pharaoh had to suffer inconveniences that passed to the stage of tragedy before he allowed Moses to lead the Israelites across the Red Sea. Ever since the Roman Empire there have been discord and violence among the peoples of Europe. All of them profess to desire peace and security. But they nurse their hatreds, jealousies, suspicions, until they are ready to sacrifice their private interests in a frenzy of political and racial nationalism.

There are always sane people who are seeking to apply remedies. Everyone supposes himself sane, while he imagines that all his neighbors across boundary lines must be mad and dangerous. Perhaps something like European sanity may appear in ten or fifty years. Or it may be that European civilization will collapse entirely, to be rebuilt after a further experience of a thousand years. Archaeologists, studying past civilizations, are by no means unanimous in thinking that Europe's present civilization has a guaranteed permanence.

Liberal distribution of bread, with provision of all kinds of free circuses and entertainments, could not save Rome when it was on the down grade. Yet the Roman Empire was a superb structure, well worth saving. Roman peace

and Roman law had seemed fairly certain to survive, and to safeguard for many added centuries the inherited culture of Greece, Egypt, and the Asiatic empires. No Brain Trust can fix dates for the rise and fall of nations, or for the break-down of constitutions.

Adjusting Monetary Standards

THE MOST encouraging sign in our American situation is the resumption of free discussion. Let it be remembered, however, that the most encouraging sign last year was to be found in the absence of such freedom. This might be called a paradox. Paraphrasing an old Latin maxim, in times of war and of like extreme emergency there must be action rather than discussion; and the lawmakers and politicians must take orders and not do much talking.

We have held repeatedly in these pages that the American people did not set up a dictatorship or lay aside the Constitution in 1933. They chose to act together, and they asked the President to lead. A better demonstration of popular self-control, and of government through force of intelligent public opinion, has hardly ever been witnessed. The emergency was one that could be met only by prompt and united action. Conditions would, indeed, have been abnormal if the President had been thrust aside and some revolutionary leadership had asserted itself. Nothing actually could have been more normal than the use that we made

of the Federal government, with the complete support of all the state governments, the press, and the people.

Among many measures adopted by Congress under the stress of emergency, after the Banking and Economy bills had been passed, were those that related to monetary standards, to industrial recovery, and to agricultural adjustment. Conservatism was shocked when the Government repudiated explicit gold contracts. But it was soon discovered that there was no literal demand for gold coins except on the part of hoarders and speculators. The meaning and intent of so-called "gold contracts" was the payment of dollar obligations in a circulating medium that had full and equitable purchasing power.

The only way by which the United States could observe the spirit of gold payments was not to pay, but to keep the gold in reserve. There is nothing difficult about this paradox. It is only when people do not want gold instead of bank checks and paper currency that governments and banks can maintain the gold standard, as formerly understood and practised. For business purposes the terms "specie payment" or "gold standard" have meant nothing more than the maintenance of a circulating medium with stable purchasing power. All the gold of the Government and the banks would have been exhausted immediately if payments had not been stopped and hoarding had not been forbidden. We had huge reserves of gold, but not enough.

the German army, his greatest victory was achieved. Through the night the funeral cortege made its long journey, with the road lined all the way by masses of mourning citizens. The venerable soldier, who had been called from his quiet home beyond the Polish Corridor to take the presidency of the German Republic some nine years ago, was universally esteemed for his spotless integrity and his loyal devotion to the best interests of his country.

The constitutional position of the German President was not that of a chief executive, as in the American system; but it might be regarded as somewhat more authoritative than the corresponding position in France. General von Hindenberg was the ideal civic as well as military figure, holding the admiration and affection of the entire German people, to an extent that suggests the historic position of General Robert E. Lee in the Southern Confederacy. He had accepted in good faith the verdicts of the German people that had finally resulted in the Nazi victory, and in the Chancellorship of Adolph Hitler.

Hitler Tests His Strength

DIFFERENT VIEWS will be held regarding the decision made by Hitler immediately

after Hindenberg's death, abolishing the presidency as a distinct office. The country had conferred something like absolute authority upon Hitler himself. To have elected another president at this time as the Chancellor's nominal superior would have been a farce, or else an occasion of discord and partisanship. Hitler made a deferential announcement, reserving the title of President as one to be associated with the memory of the great figure for whose death Germany was in mourning.

The abolition of the presidency, and the absorption of the authority of that office in the Chancellorship, was the only practical step to be taken in the opinion of Hitler and his advisers. But the Chancellor held that this decision could only be tentative until it had been ratified by a vote of the German people. The question was therefore submitted for popular decision on August 19. Careful efforts had been made in advance to secure the largest possible vote, in the confident belief that Germany would present a unanimous front, to impress an observing world. Since the tragic occurrence at the end of June when an anti-Hitler conspiracy was suddenly exposed with the arrest and execution of several prominent leaders, it had been the general opinion in Europe that the Hitler dictatorship was nearing its end. It was proposed to make the plebiscite a conclusive answer to the French and English prophecies of Hitler's early downfall.

Austria and Germany would have formed a convenient commercial union several years ago, with some measure of political affiliation, but for the belligerent

Europe Prepares—for War?

An Air of Nervous Expectancy

IT COULD NOT well be said that public affairs in Austria and Germany have pursued a tranquil course during recent weeks. As usual, bold headlines have informed us that France is "apprehensive". An Italian army has hovered on the border, as if there might be work for it to do in Austria. But the government of that rearranged and expanded country now called Jugoslavia has viewed with sharp disapproval the possible intervention of Italy in the affairs of the reduced and impoverished state of which Vienna remains the capital.

Is there likely to be another great war in Europe, with Austria as the starting point and with Germany as the perpetual scapegoat? We should be inclined to the view that a great war would be impossible if the European governments ceased to be so nervously expectant of trouble.

On August 5, Herr Hitler declared in an important interview that nothing could drive Germany into a war of aggression. When the Saar question was disposed of, there would remain no territorial dispute to make trouble between

France and Germany. A compact with Poland had been signed, and the "Corridor" dispute was no longer a source of danger. A timely article in our present number, by Mr. Roger Shaw, reviews the Saar question in its facts and bearings. If the inhabitants so decide on election day, this district on the Rhine will revert to Germany. It is possible that a majority of Saar inhabitants might prefer to remain under the jurisdiction of the League of Nations for a further period, because of opposition to the Nazi regime. But there is nothing in the Saar situation, whether the vote goes one way or another, that should provoke international hostilities.

Germany Loses a President

ON THE NIGHT of August 6, there occurred the most impressive funeral procession of recent years. President Paul von Hindenberg had succumbed, on August 2, to the burdens of office and to the infirmities of his eighty-six years. He died at his ancestral home in East Prussia. He was to be buried at the Field Marshal's Tower—the memorial on the Tannenberg battlefield where, as head of

opposition of France, England, Poland, and other neighbors. Austria had been dismembered to so great an extent that the remnant, which was German in race and language, had abundant excuse for negotiating the *Anschluss*. If the rest of Europe had taken a generous and friendly view of the case, the leaders of conservative German sentiment would, presumably, have remained in power. They would have worked cordially with France for peace and disarmament. German rights would have gained recognition, and Germany would not have been driven to wrathful withdrawal from the League of Nations through continued refusal to concede to her the equality that had been promised long years before.

Disarmament Prospects Fade

THE AMERICAN Ambassador-at-Large, Mr. Norman Davis, has labored faithfully and with great intelligence to aid the cause of disarmament in Europe. He is highly respected at home and abroad, even though there is no prospect of reduction in the size and cost of armies, navies, and air fleets. Never has the European mentality been more obviously disinclined to think hopefully and pleasantly about inter-governmental agreements for rapid disarmament than in the present year. While they praise Mr. Davis, they allow us to understand that their problems of armed preparation for defense are no possible concern of the United States. It is well for us that Mr. Norman Davis has labored so long and so earnestly, and that he can now serve our government so competently in respect to its European policies.

In the absence of the British Premier, Ramsay MacDonald, who is on a long vacation in temporary retirement from official responsibilities (hoping for improvement of his seriously impaired eyesight), Mr. Baldwin assumes his true place as actual head of the present British government. He and Mr. MacDonald have worked together remarkably well. But the Socialist and Pacifist has a long record behind him that compels him to think and speak in terms of peace, harmony, and human brotherhood. Mr. Baldwin is no rampant militarist, but he naturally takes the Tory view, regarding it still as necessary that Britannia rule the waves. In the opinion of British Tory leaders, the League of Nations is a sort of academic diversion for the training of diplomats in geography and economics. As compared with the British Empire, the League of Nations is a mere shadow.

At intervals, the British government arouses itself and sounds the alarm. Britain is in danger and must rebuild the neglected navy. In the present situation, it is the need of multiplying British air forces that is most urgently expounded.

The European mind is enormously impressed by words and phrases. Mr. Bal-

win remarked in a speech that the Rhine is now Great Britain's frontier. Every newspaper in Europe has shed torrents of ink in consequence of this bold remark, that is regarded as indicative of a new and aggressive attitude on Britain's part in the affairs of continental Europe.

In point of fact, it was an extremely ambiguous pronouncement. It may be compared with Mussolini's recent remark to the effect that Hitler and his Nazi government are so utterly unreliable that no confidence can be placed in anything that they do or say. This Italian comment had a good deal to justify it, although it was scarcely becoming. It meant, merely, that the Italian dictator wished to have it understood that he was keeping aloof from a situation in which he might otherwise have been regarded as somewhat implicated behind the scenes.

The truth is that Hitlerism in Germany has been created by outside pressure quite as much as by domestic conditions. The British in reality are much more disturbed by the stupendous superiority of France in military aviation than by danger from any source beyond the Rhine. Whatever the Germans may have in mind, they are certainly far from the thought of attacking Great Britain with bombing planes.

Japan, France, and England are declaring that their respective navies are inadequate, and that the naval agreements of the Washington Conference (and the later cruiser agreements of the London Conference) will not be continued at the expiration of the time limit.

Bigger Navies In Sight

THAT PARTICULAR method of dealing with the maritime armament problem has not been successful in all respects, but it was worth the effort that was made under the leadership of the United States. It may now become the duty of our government to lead the way to disarmament by increasing our naval forces so greatly that competition will be out of the question. This was Woodrow Wilson's conclusion, and we were actually building the world's largest fleet when the British reluctantly conceded the principle of equality at Washington in 1922.

The Naval Conference occurs next year, and the British are saying that its success or failure will depend upon the position taken by Japan. While other governments looked on and expressed their disapproval, Japan went boldly forward in pursuance of its Asiatic policy. Under Japanese auspices, the new state called Manchukuo is a conceded fact. The Japanese withdrew from the League of Nations, in defiance of the League's opposition to their political and military attacks upon the legal claims and sovereign rights of China.

The Japanese Premier now expresses himself in terms of peace and friendship

toward all nations. But army leaders propose to dominate Asia; and naval leaders seem to regard the United States as a dangerous intruder in the Pacific. The Premier declares his confidence in a successful naval conference next year. The Japanese idea, however, as now entertained, looks to the reduction of the American and British fleets and the moderate expansion of the Japanese. It seems fairly probable that the ratios of the Washington Conference cannot be maintained. Probably the best service that the United States could render to the eager and industrious people of Japan would lie in the direction of frustrating the ambitious projects of their naval leaders. Those daring seamen are aspiring to create a new empire, based upon the greatest development of sea-power in the history of the world.

Aviation Widens Frontiers

MR. BALDWIN's speech of July 30 sets forth Britain's aviation program, and treats it as a contribution toward Europe's "collective security under the League of Nations." He admits that if Germany should exercise "the right to rearm, she has every argument in her favor, from her defenseless position in the air, to try to make herself secure". Yet he seems also to think it a very alarming thing that Germany may be planning in secret to create means of defense. And he adds the momentous conclusion that "there is a situation of potential gravity there, which it would be idle and foolish to ignore".

The root of the trouble, Mr. Baldwin finds, "is the insistence of Germany on an immediate measure of re-armament, and France's refusal to agree to it". He does not think this situation could be made worse by a radical increase in the British air fleet. His summing up is as follows: "Since the days of the air, the old frontiers are gone, and when you think of the defense of England you no longer think of the white cliffs of Dover, but you think of the Rhine. That is where, today, our frontier lies."

The Government at Washington proposes to keep the United States at the forefront in aviation. The army authorities have laid out a program for 2,320 modern airplanes. Mr. Newton D. Baker, on behalf of an advisory committee of which the President had made him chairman, reported in July in favor of the establishment of a General Headquarters Air Force, and a great program of expansion and reconstruction. It may be assumed that this represents a deliberate policy that will be upheld by both parties in Congress, and sustained by public opinion. If trouble should come, our young men would have to fight. Not to give them effective weapons would subject them to needless slaughter. To be unprepared is not to make a wise contribution to the cause of peace.



From *De Amsterdammer* (Amsterdam)

NO STATUE OF LIBERTY!

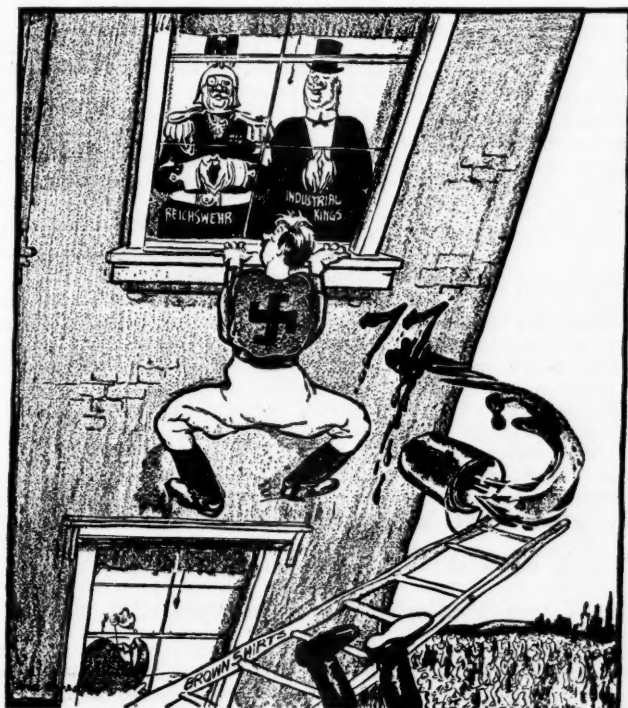
Hitler—Colossus with feet of clay, based on his so-called "brown terror."



From *De Notenkraker* (Amsterdam)

WHILE MICHEL "STARVES"

Germany regards Hitler with misgivings in the hour of crucial economic stress.



From the *Daily Herald* (London)

Chancellor Hitler's precarious position since he sacrificed his own storm troops on July 1. Army and industry reign supreme in Germany.



From *Il 420* (Florence, Italy)

WHITHER FRANCE?

French diplomacy is pulled three ways by her three allies of the Little Entente: against Germany, Russia, or Italy?



The allocation of funds by the Government for various projects has shown the necessity of comprehensive planning. Further support is needed for such constructive efforts.

The Need for Practical Planning

By HARLEAN JAMES Executive Secretary of the American Civic Association

THE reason why so many federal projects got under way in the early days of PWA, as compared with the number of local projects may be found in planning.

The PWA was flooded with vague proposals, half-baked ideas, and suggestions. Some of these, whipped into project form and showing physical construction plans and estimated costs, might have deserved attention. But how could funds be allocated intelligently without sufficient data? Moreover, an isolated project unrelated to a local city, county or state plan might involve wastes not to be discovered by a study of the project itself. Sound projects, shown to be in accordance with well conceived, comprehensive plans, were recognized.

In July of 1933, therefore, a National Planning Board was set up by the PWA, consisting of Frederic A. Delano, Charles E. Merriam, and Wesley C. Mitchell, with Charles Eliot, 2d, as executive director, to "advise and assist the Administrator in the preparation of the comprehensive program of public works required by the Recovery Act," through

1. The preparation, development and maintenance of comprehensive and co-ordinated plans for regional areas in co-operation with national, state and local agencies; based upon

2. Surveys and research concerning (a) the distribution and trends of population, land-uses, industry, housing, and natural resources, and, (b) the social and economic habits, trends and values involved in development of projects and plans; and through

3. The analysis of projects for coördination in location and sequence in order to prevent duplication or wasteful overlaps and to obtain the maximum amount of coöperation and correlation of effort among departments, bureaus and agencies of the federal, state, and local governments.

Federal Agencies Profit

A recent survey conducted by this national board discloses definite records of 739 existing planning boards, 30 municipal zoning boards, 61 county planning boards, 1 county zoning board, and 23 regional planning organizations. Of these, 63 city, 12 county and 6 regional planning boards were new. But in only 218 cities has a comprehensive city plan been prepared, and in only 163 has the plan been adopted by the City Council or Planning Board.

More significant is the fact that only 125 of these plans are known to be based on careful surveys, and may be called "master plans" as defined by the Standard Planning Act prepared by the U. S.

Department of Commerce and by the planning laws of the several States.

Even more discouraging is the fact that 417 of these cities with planning boards have no funds for the current year. Actually, during the year 44 city, 1 county, and 2 regional planning boards were definitely abolished and at least 125 city, 2 county, and 4 regional planning boards were inactive.

The federal agencies, on the other hand, particularly those dealing with land and buildings, had been making five and ten-year plans. The National Park Service had master plans and detailed drawings for each of the National Parks and Monuments. The U. S. Forest Service had presented in a voluminous Senate Document in 1933 "A National Plan for American Forestry," which was supplemented in the office by detailed maps and plans. They were ready to start to work immediately. So they profited, not only by the allocation of money directly for public works projects, but by the use of CCC labor as soon as it was available.

Need for Coördination

There was, then, a deplorable dearth of official local plans for cities, counties and States, and few communities saw the importance of appropriating local funds to bring their planning up to date.

Indeed the lack of planning was so apparent that the National Planning Board undertook to stimulate the organization of State Planning Boards. Forty such boards have been organized during the past year. The National Board has made available to the State Boards trained consultants, usually chosen from the locality to be served.

It was found, however, that there was further need for coördination in the planning field. By Executive Order, on June 30, 1934, the President established the National Resources Board, in order to present to the President a program and plan of procedure dealing with "the physical, social, governmental, and economic aspects of public policies for the development and use of land, water, and other national resources." A report on land and water use is to be made by December 1, 1934.

The National Planning Board of the PWA and the Committee on National Land Problems, connected with the Department of Agriculture, were abolished, but the new National Resources Board has organized its work under six divisions on Land, Water, Minerals, Power, Industrial, and Transportation, and incorporated the functions and personnel of the abolished agencies. Thus we have brought together Federal governmental

planning activities along lines recommended five years ago by the American Civic Association in collaboration with other organizations. These problems, together with others, are discussed in the American Civic Annual for 1934. In this volume may be found brief accounts of the principal Federal activities related to planning, and articles on regional, state and local planning.

In the past we have heard advocates of States Rights argue with those for a highly-centralized Federal Government. Today both groups, leaning heavily on Federal initiative and money, are inclined to agree that the crux of sound planning rests on a stimulated local responsibility on the part of citizens and governments which will ensure intelligent planning for the utilization of the resources in the States, though guidance and modification may be required to fit them into National Planning.

The reasons for Federal dispensation of money and labor have been apparent. In the planning field many new planning boards have been made possible through Federal stimulation. But no one believes that huge Federal funds can continue indefinitely to flow to local projects and local planning. An enormous number of buildings, bridges, highways, roadside developments, park and forest improvements will remain in most parts of the United States to mark the years of the Great Depression. In so far as it has been possible to expend these funds (which reach a vast aggregate) in conformity with well-conceived plans, the communities will be permanent gainers.

A Saving for Taxpayers

But unless there is sufficient understanding on the part of the voting citizens to see that adequate local planning agencies are created, continued and given the comparatively modest support they need, the States and local communities will muddle along without benefit of available expert advice which might save the taxpayers large sums of money wastefully expended.

For public works will continue to be authorized, whether they are paid for by Federal or local funds. Communities cannot avoid expenditures for needed public works. The real question is: Has the present emergency, when comprehensive and detailed plans might have brought more and better-conceived projects to realization, carried its lesson to the States and local communities? The forty new State Planning Boards give promise that the States have made a good beginning. The real test will come when the Planning Boards go to the State Legislatures for support.

The Heart Disease Paradox

In this country more cases of heart disease are being prevented each year — yet more deaths are charged to the heart than ever before.

DESPITE seeming contradiction, those are the facts. Better protection of children against diseases which are often followed by heart trouble means that fewer young hearts are being exposed to injury. Better treatment of hearts temporarily damaged by the "poisons" of acute infections often prevents such damage from becoming permanent. Better control of venereal and other diseases that damage hearts has been another important factor in reducing the deathrate from heart disease at all ages up to 45 years.

* * * * *

You can help to prevent heart disease in your home by having your children immunized against diphtheria and by protecting them, so far as possible, against other heart damaging diseases, such as sore throats, repeated colds, acute rheumatic fever, scarlet fever, measles and typhoid fever.

Should they have any of these diseases, see that your doctor's orders are strictly obeyed, so that injured hearts may not result. Especially follow his instructions as to how long the child is to be kept in bed. Rest is an important part of the treatment for "poisoned" hearts during and following any acute infection.

Annual health examinations offer a further



opportunity to control heart disease. In middle-aged people heart disease frequently results from chronic or focal infections in teeth, tonsils, sinuses or in other parts of the body.

When advisable, your doctor may employ the fluoroscope and electrocardiograph to determine the condition of your heart. He can see whether or not it is showing the effects of wear and tear long before it actually breaks down. If necessary, your doctor will advise changes in habits of work and rest, food and drink, or the correction of impairments.

Far from being cause for alarm, the mounting deathrate from heart disease at the older ages is encouraging evidence that needless deaths in childhood, youth and middle age are being prevented. Many of the deaths of older people ascribed to heart disease are really due to heart failure—just the natural, peaceful ending of a long life.

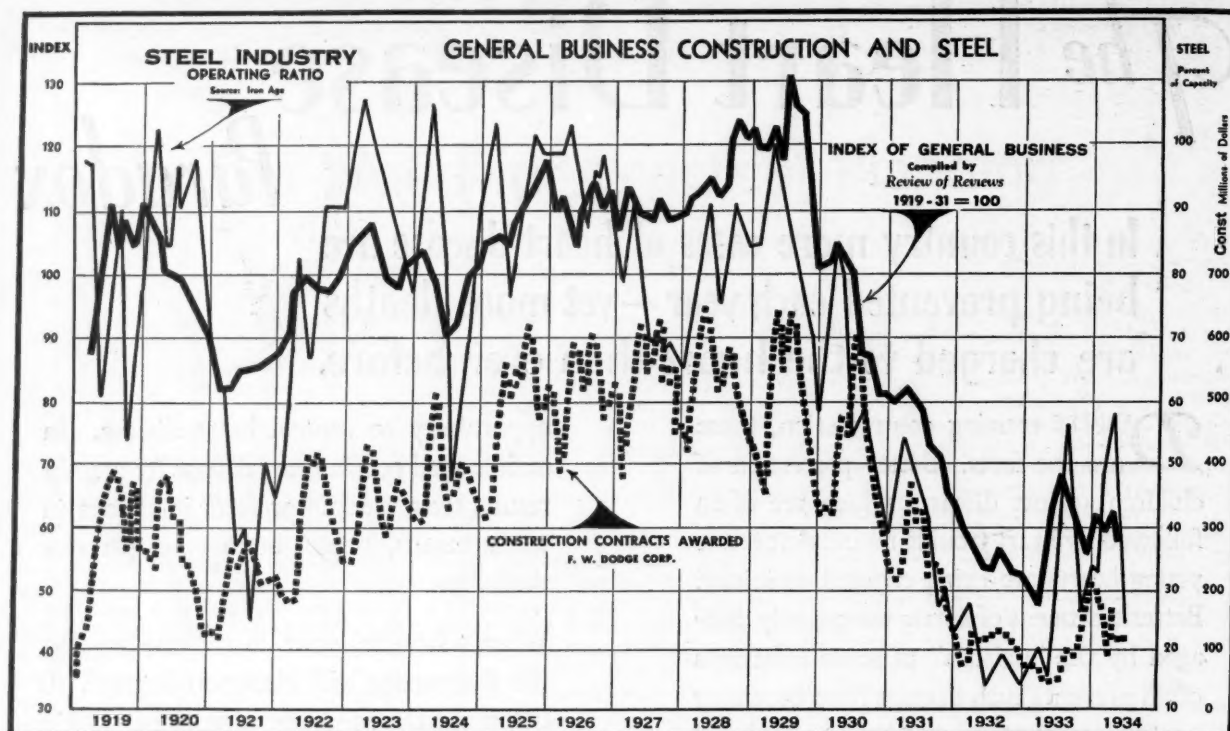
* * * * *

More than half the readers of this page, who are about 35 years old, will pass the age of 70; and one out of five will outlive fourscore years. Many a man is adding years to his life and is enjoying what is literally a new lease of life by taking care of his heart and by making intelligent changes in his living habits.

Send for Metropolitan's free booklet "Give Your Heart a Chance." Address Booklet Dept. 934-V.

METROPOLITAN LIFE INSURANCE COMPANY
 FREDERICK H. ECKER, PRESIDENT

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The Pulse of Business

Continued from page 45

relief as having jobs although they are paid for their efforts. Where 100 men were out of jobs in March, 1933, only 62 were idle at the end of June, 1934.

However, more than one out of every three who have found jobs in the interval have been placed on special relief work. It is difficult to say how many of the remainder must attribute their employment directly or indirectly to government work. Killing famished steers from dusty western plains gives employment to hundreds of steel workers in Cleveland. The construction of naval vessels, the erection of CCC camps, the building of enormous power projects together with the direct relief disbursements already mentioned, may account for a greater part of the "recovery" which the country has achieved than is generally realized. In fact the revival of the last 16 months may be a meretricious and not an authentic installment of recovery.

Business and the Election

The administration has become decidedly uneasy about the progress of business during the summer. The election approaches and it is vitally necessary for the government to obtain a comfortable working majority in the next Congress to prevent the opposition from ham-stringing the balance of the New Deal program. The political fealty of the average voter is a frail and ephemeral foundation for any statesman to build upon. It is defined almost entirely in terms of personal interest. Thus if the Administration succeeds in enhancing the cash income of agriculture and

permits some thousands to buy new cars whose purchase they were forced to postpone during the closing years of the last Republican era, the farmers who profit will become Democrats. The same argument applies to the 4.4 million families on relief, the 1,813,000 workers on relief jobs, the labor organizers whose activities an indulgent government has condoned, and the workmen whose wages have been raised and hours shortened by the codes. Any improvement in business becomes the most potent of all election appeals. It is a *quid pro quo* association in the comprehension of which the workers have received years of devoted Republican training.

Omnipotent Samuel

Any explanation of a decline in business which the government may offer suffers from the frankness with which the Administration since assuming office has sought responsibilities shunned by statesmen in the past. The control of the price level, the maintenance of security values, the stimulation of the business tide, the regulation of costs, the elevation of income, these have always been deemed phenomena so vast and complex as to fall altogether without the scope of any but a completely communistic government. Under the influence of verdant intellectuals who argued that the conquest of the air via the radio and the airplane demonstrated an equal capacity for overcoming economic obstacles, the present administration boasted of an intention to raise prices, and proceeded to make the dollar perform somersaults and leap through

flaming hoops of fire. Uncle Sam called upon the nation to watch him drag reluctant business around the well-known corner at the end of a PWA rope.

Taking at their face value the assurances of the technocrats regarding the ability of industry to produce *ad infinitum*, provided only buying power were present, the government proceeded, through the NRA, to cut hours and raise wages. Security owners of whom there may be more than seven million in the country were advised that their losses during the depression were due to the villainy of Wall Street brigands, that the recurrence of stock market pains would be prevented by the Federal Securities Act which would force upon the financiers an unwonted but salutary standard of veracity. The Securities Exchange Act would prevent the brokers and corporate insiders from playing the old shell game, with innocent investors as the victims. Equally bold engagements were made in other fields. The point is that Uncle Sam had rashly pledged a performance which sober thinkers had always felt was far beyond the capacity of any government.

The Facts Are Hard to Dodge

There has been a noticeable lag in the country's progress toward greater business activity, more employment, higher prices and non-collapsible security values. Business has moved sideways since the early spring. The month of July will show a decline from the spring peak of approximately ten per cent. Since the indices on which this statement is based have already taken into account the normal seasonal change which may be expected at this time of the year, it is obviously no answer to say that this is merely summer

dullness. Security values have faded badly from the spring high reached during the third week in April. The aggregate value of stocks listed on the New York Stock Exchange alone shows a drop of 6,600 million dollars which has made many people feel poorer even where the loss has been confined to paper. Industrial stock prices as measured by the Dow Jones averages show a loss of 21.04 points or 19.7 per cent, utilities 5.53 points or 22.0 per cent. The rails have suffered most with a drop of 16.72 points or 33.0 per cent. Commodity prices under the influence of the drought rather than the government's manipulation of the dollar's gold content showed distinct strength during the first two weeks of August. The REVIEW OF REVIEWS' daily index of primary commodities at 62.7 (1926-100) on August 8 is the highest point reached at any time since the present Administration assumed office.

Opera Bouffe Business Analysis

The patent failure to make progress toward rashly embraced objectives has led certain subordinate spokesmen of the New Deal to advance defences which are mildly ridiculous. Leon Henderson, the research amanuensis of General Johnson who maintains that any criticism of the NRA is unpatriotic, entertained a group of scribes on a blue Monday morning with the thought that a decline in the number of bachelors was more authentic proof of business improvement than freight carloadings, bank debits, steel operations and construction contracts. When the market permitted Austrian violence to precipitate its accumulating fears of the future with a decline of from one to ten points in various issues in a single day, there was thunder over Washington. Ferdinand Pecora, arch Nemesis of financial knaves, demanded an investigation of the war rumors.

The More Abundant Life

In the meantime the President was profiting from a well-earned rest. When he landed on the Pacific Coast on August 2 he was met by an apprehensive retinue of subordinates who looked to him for words of assurance. They were forthcoming, thereby revealing the strategy of the Commander-in-Chief. Public attention was first invited to the material accomplishments of the New Deal. The water power projects at Bonneville and Grand Coulee in Washington are impressive memorials of Federal enterprise. According to the President's speeches they carried the promise of emancipation from the stranglehold of the private utilities and at the same time the seed of that more abundant economic life which had been the text of brain trust rhapsodists. "More power to you," quipped the President.

Perhaps it was just a coincidence that the Electric Home and Farm Authority, "An Agency of the Government of the United States", released at this time an elaborate brochure entitled "Toward An Electrified America". It contained a series of striking before-and-after portraits showing a flooded valley with the caption "Power Out of Control" and on

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the opposite page a diagram with a dam, power house, prosperous homesteads, and flourishing factories.

Tupelo, a Pioneer in Electrified America

The little city of Tupelo, Miss., the first to make a compact with the T.V.A. for the distribution of government power, receives generous attention. The reader is assured that the Tupelo householder can use an electric range, a refrigerator and a water heater for a monthly cost of \$6.98. This allows a consumption of 70 kilowatt hours by the refrigerator, 150 kilowatt hours by the range and 300 kilowatt hours by the water heater, a total of 520 kilowatt hours at an average cost of 1.34 cents per k.w.h. The T.V.A., under accounting

methods not subject to independent audit, finds that it costs almost a cent per k.w.h. to produce the juice before any attempt at distribution is made. In the state of New York, under conditions of consumption and population density infinitely more favorable to economic distribution than those prevailing in the T.V.A. area, it was found that the distribution cost for the average k.w.h. of energy in 1930 was a trifle more than 2 cents. There is no allowance here for taxation or that margin of profit which is presumably the guerdon of private enterprise. The average cost per k.w.h. for the country as a whole is about 5 cents. Perhaps the taxpayers of Tupelo will know more about the beneficence of "An Electrified America" in the future than they do at present.

★ INVESTMENT COUNSEL

Business will not be harassed, annoyed, or pushed around, says Jos. P. Kennedy, chairman of the Securities Exchange Commission... on the other hand Ferdinand Pecora of the same Commission is going to keep a watchful eye on the bulls and bears. What these men say obviously affects stock prices—but only temporarily. In the last analysis it is the ability of a company to earn dividends that determines the value its securities may command.

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PRICE PER DOLLAR OF BOOK VALUE

	Book Value 1928-1933 Average	Market Price 1928-1933 Average	Price per Dollar Book Value 1928-1933	Book Value 1933	Market Price August, 1934	Price per Dollar of 1933 Book value	Rating in Group 1933
Atchison	264.63	156	.59	264.41	52	.20	7
Baltimore & Ohio	134.37	69	.51	129.13	16	.12	5
Chesapeake & Ohio	49.64	39	.79	50.30	43	.85	10
Chicago & North Western	135.03	46	.34	122.07	6	.05	1
New York Central	153.36	112	.73	142.81	22	.15	6
Northern Pacific	181.97	49	.27	182.64	17	.099	3
Pennsylvania	91.59	52	.57	89.41	24	.27	8
Southern	155.41	74	.48	143.13	15	.10	4
Southern Pacific	180.77	80	.44	188.16	18	.096	2
Union Pacific	210.84	159	.75	210.22	103	.49	9

Book value, roughly speaking, is capital plus surplus divided by the number of shares.

Analyzing the "Rails"

Continued from page 30

under which surcharges were levied against certain commodities, and the additional revenue was placed in a special loan pool to keep weaker roads out of bankruptcy. The plan was in operation from January 2, 1932, to March 31, 1933. Its total yield was 75 million dollars, equal to about 2 per cent of total operating revenues. The surcharges were retained for six months longer, to September 30 of last year, but the pool idea was abandoned.

Meanwhile the roads have reduced passenger fares voluntarily, notably in the West, and have made low excursion rates; so that the average revenue per passenger mile has dropped from 2.9 cents in 1927 to 2 cents in 1933.

This year, 1934, opened auspiciously for railway management and ownership. For the last eight months of 1933, net operating income had been better not merely than the corresponding period of 1932 but better than those same months in 1931. The railroads were making two years progress in one, in the march back to normalcy. And the first half of 1934 continued the upswing in revenues: Net operating income exceeded 225 million, compared with 154 million in the first half of 1933.

But supplies—notably fuel—cost more this year than last. Coal is up 20 per cent, for an added charge of perhaps 35 million dollars, and so is the average price of iron and steel. The voluntary wage reduction of 10 per cent is expiring, adding 150 to 200 million dollars to the annual wage bill. One-fourth of the cut was restored on July 1; a second fourth is to be restored on January 1 next, and the remaining half on April 1, 1935, only seven months hence.

A compulsory pension law, passed by the last Congress in its dying hours, adds unexpected millions to this same wage bill. Each road is required to pay into a retirement fund a sum equal to 4 per cent of each employee's wage. Here we have a compulsory 4 per cent increase in pay, without debate. Since the wage bill is now about 1½ billion dollars annually, this gift of Congress to the railroad workers—a gift of other people's money—will cost 60 million dollars a year now and twice as much when normal traffic returns.

For six months of 1934 freight car loadings exceeded the business handled in the same period of 1933 and 1932. But in July the tide began to turn. One reason is that strikes and drought were

PRICE PER DOLLAR OF GROSS EARNINGS

	Gross Earnings per share 1928-1933 Average	Market Price 1928-1933 Average	Price per Dollar of Gross 1928-1933	Gross Earnings per Share 1933	Market Price August 1, 1934	Price per Dollar of 1933 Gross Earn's	Rating in Group 1933
Atchison	80.74	156	1.93	49.30	52	1.05	8
Baltimore & Ohio	74.86	69	.92	51.44	16	.31	3
Chesapeake & Ohio	17.93	39	2.17	13.84	43	3.11	9
Chicago & North Western	72.10	46	.63	46.39	6	.13	1
New York Central	83.01	112	1.35	56.66	22	.39	4
Northern Pacific	29.24	49	1.68	19.15	17	.83	6
Pennsylvania	40.84	52	1.27	24.67	24	.97	7
Southern Railway	83.68	74	.88	58.54	15	.26	2
Southern Pacific	59.78	80	1.34	34.43	18	.52	5
Union Pacific	75.27	159	2.11	50.00	103	2.06	10

ROADS that show up well in this table are at a strange disadvantage when we apply the companion test—price per dollar of net earnings. Ratings No. 1 and No. 2, here, become No. 9 and No. 10 on the table opposite, after operating costs and fixed charges are deducted.

PRICE PER DOLLAR OF DIVIDENDS

	Divi- dends 1928- 1933 Average	Market Price 1928- 1933 Average	Price per Dollar of Dividends 1928-1933	Esti- mated Divi- dends 1934	Market Price August 1 1934	Price per Dollar of 1934 Dividends	Rating in Group 1934
Atchison	7.08	156	22.03	2.00	52	26.00	4
Baltimore & Ohio	4.08	69	16.91	0	16	No Div.	7
Chesapeake & Ohio	2.51	39	15.54	2.80	43	15.36	1
Chicago & North Western	2.50	46	18.40	0	6	No Div.	5
New York Central	5.00	112	22.40	0	22	No Div.	10
Northern Pacific	3.37	49	14.54	0	17	No Div.	8
Pennsylvania	2.60	52	20.00	1.00	24	24.00	3
Southern	5.00	74	14.80	0	15	No. Div.	6
Southern Pacific	4.16	80	19.20	0	18	No Div.	9
Union Pacific	9.00	159	17.66	6.00	103	17.16	2

THE INVESTOR in Chesapeake & Ohio pays least for each dollar of dividends, even though the current market price of C. & O. is higher than its six-year average. Eight railroad shares, among our ten, now sell for minor fractions of their historic market levels even when the high points of old have been leveled off by averaging. The second best showing here is that of Union Pacific.

exacting a toll. A less disturbing reason is that in July a year ago the country was temporarily experiencing a business revival of major proportions. The seven-months statistics are nevertheless cheerful: 1932, 16 million cars of revenue freight loaded; in 1933, 15.8 million; in 1934, 17.7 million.

The tables that accompany this article are designed to make available to the investor in railroad shares—actual or prospective—a more reliable measuring rod than he has heretofore possessed. A companion article last month, "Analyzing the Motors", set up four standards of value: gross earnings, net earnings, book value, and dividends. To those four standards this present article adds one more that is of special significance to the railroad investor: the success each company achieves in exceeding its fixed charges, such as bond interest, important because 56 per cent of all railway capital is funded debt and only 44 per cent is preferred and common stock.

These five measuring rods are weighted. Book value counts as 1; gross earnings in proportion to capital count as 2; and 3 counts each are given to net earnings, success in meeting fixed charges, and dividends paid. It is a

formula devised by Joseph Stagg Lawrence, economist of the REVIEW OF REVIEWS, and as developed here it offers the interested reader essential data for ten railroads over a period of six years and a half of prosperity, depression, and recovery.

The reader will not quarrel with our selection of the ten representative railroads, although he may wonder why A was omitted when B was included. Geographical bearings were not overlooked.

Chesapeake & Ohio wins highest honors. At present market levels it costs the investor less per dollar of dividend, less per dollar of net earnings, and earns its fixed charges more easily than any other road.

Railroad shares led in the march downward from prosperity peaks to depression depths. From a total market value approximating 13 billion dollars in 1929, the railroad shares listed on the New York Stock Exchange (including holding companies and equipment manufacturers) dropped almost to 1 billion dollars in value in 1932. They reached a recovery high of 4.4 billions on February 1; but more recent sagging tendencies brought their market value down to 3.4 billion dollars on August 1.

PRICE PER DOLLAR OF NET EARNINGS

(Net corporate income; not net railway operating income.)

	Net Earn's per Share 1928- 1933 Average	Market Price 1928- 1933 Average	Price per Dollar of Net 1928- 1933	Net Earnings 1933	Market Price August 1 1934	Price per Dollar of 1933 Net Earn's	Rating in Group 1933
Atchison	10.02	156	15.57	d1.03	52	No Net	6
Baltimore & Ohio	4.45	69	15.50	d .88	16	No Net	5
Chesapeake & Ohio	4.37	39	8.92	3.69	43	11.65	1
Chicago & North Western	.83	46	55.42	d5.96	6	No Net	10
New York Central	5.12	112	21.87	d1.08	22	No Net	7
Northern Pacific	4.53	49	10.82	.12	17	141.66	4
Pennsylvania	4.24	52	12.26	1.46	24	16.44	3
Southern	1.38	74	53.63	d2.86	15	No Net	9
Southern Pacific	5.09	80	15.71	d1.32	18	No Net	8
Union Pacific	11.71	159	13.58	7.92	103	13.01	2

NEXT to dividends paid, this becomes our most valuable guide for the shareholder. Only four of our ten roads earned anything last year. Chesapeake & Ohio 1933 earnings compare favorably with its six-year average, with Union Pacific next. Going back into the past, the drop in Atchison earnings is outstanding.

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Where-To-Go is concluded at top of page 63

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Advance News for Globe Trotters

★ The steamship lines are grooming their ships and men for the winter cruises. With modern liners Bali and Bombay are at your back door. Some new wrinkles in cruises and a few hints on How to Get Away from It All.

WE HAVE NOT seen all the world. Not even a tenth of it. If we see that much before we shake St. Peter's hand we shall be lucky. But what we do see, we see well. We think, live, eat, dream, taste, smell, feel the foreign lands we visit. Ask us about the chocolate at the Deux Magots café in Paris, and we know the answer. Just mention the beer at the Hofbräu Haus in Munich and nostalgia overwhelms us. Foam gets in our eyes.

Which is just a round-about way of admitting that, as an editor, we don't have a lot of money to go tramping off to odd corners of the world with ten trunks, a dozen polo ponies, a personal valet and three maids. The maids, especially, would not do, as this travel department happens to be a bachelor. He has remained so because of his ability to say "No".

But what we do see, we appreciate to the full, from the time we begin to save money for the trip (principally by stalling off creditors) until the time when we come home, sailing up New York harbor under the protective and ample bosom of the Statue of Liberty.

We are not going on any world cruise this coming winter. Our journey shall be confined to a Caribbean jaunt which will not require more than ten days' release from editorial chains. This magazine has to be published each month, rain or shine, hail or drought, Democrat or Republican. What is said of postmen

applies to editors; "Neither snow, nor rain, nor heat, nor gloom of night, stays these couriers from the swift completion of their appointed rounds."

But if we could get away for one of the world cruises, or one of the shorter ones, there are certain things we would want to do and see. We have known what they are for some time. We would also want a reasonable amount of comfort en route. Not that we have flat feet, or a William Howard Taft figure. We haven't; we just want to relax.

One can start on a world cruise from the east or the west coast. Suppose you begin on the west coast. You can then stop off at Hawaii, thrice-blessed by the recent presence of Franklin D., or you can go direct to Japan and China. You will be a long way from the income tax.

As we see it, the main benefit to be derived from a world cruise is the complete change from the ordinary routine of living. It is seldom a mistake to pull up the traces and get an entire change of scenery and friends. This notion would dictate any of our plans for a cruise.

First of all, on shipboard. A world cruise today offers a variety of interests.

It is an excellent time to catch up on the reading you've been going to do since graduating from college. This writer has talked glibly for years about some of those old classics which stand dog-eared and forlorn upon the shelves. We have to admit that we have never read *David Copperfield*, *Little Women*, *Moby Dick*, *Casanova's Memoirs*, or all of *Pilgrim's Progress*. Shipboard would be a good place to get busy.

We would take part in the athletic contests. Of the sports that are usually offered: ping pong, swimming, deck tennis, handball, tennis, shuffleboard, squash, and the like, we would pick handball and swimming.

Granted that not every passenger is an intellectual colossus, we would learn to know as many as we could. There is something about being on a ship which stimulates the expression of honest feelings and convictions. A world cruise should be a voyage of exploration of one's own spirit, as well as of the geography of foreign countries, the customs, and the manners of people never met before except in the newsreels.

There are certain countries in which



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WATER GAMES ABOARD THE S.S. PENNSYLVANIA

there would be need for lots of time. Bali, for instance. A man who has lived there says there hasn't been a murder for twenty years. Divorce is unknown. There is but one jail on this island of a million people—and it is empty. There is no orphanage, poor-house, or insane asylum. There is no income tax, army or navy. For every three men there are seven women, and the women are the prettiest in the world, our friend tells us. He is saving nickels and dimes now to go back.

The Balinese have maintained a freshness of mind and body that makes so-called civilized life seem stale and stodgy. Their religious ceremonies are held in the open and are occasions for feasting, flowers, and music. Bali depends on the good earth for food, shelter, and clothing. Having no need for money, there is little of it, and there is no point whatever in accumulating it. What could be sillier, in the land of laughter, flowers, fruits, and banyan trees?


Penang is on the west coast of the Malay Peninsula. Inland is the town of Angkor Thom (begun about 860 A.D.), the relic of the ancient Khmer civilization. Today it is a mass of ruined temples and palaces overgrown by the forest. South of Angkor Thom is Angkor Wat, and we want to see it by moonlight. The temple of Angkor Wat is in a park surrounded by a moat. It consists of three stages, connected by outside staircases and decreasing in dimensions as they rise, culminating in a great central tower or sanctuary. Usually, unless accompanied by a few strong-arm boys, it's not wise to visit such spots at night. But we would visit Angkor Wat and we would like to go alone, to re-people this deserted ruin in our imagination. What a realization of the sweep of time one would experience!

In this connection one thinks of the incident touched upon by Li-Po, the Chinese poet, in one of his compositions, and translated by Shigeyoshi Obata. In the third century Yang-Hu, governor of the district of Hupeh, climbed the tall mountain of Hsieu in order to view the fair landscape below. Amid the feasting and verse-making, the governor turned to his companions and said: "This mountain has stood here since the beginning of the world; and many famous men of virtue and wisdom have come to this spot, as we ourselves. Now they are all gone and forgotten. Soon we shall be, too." So saying, he shed tears. Later the people erected a monument there. Li-Po found it "covered with green mosses" and wrote a poem about it.

In Java, following our archeological bent, we might also visit the temple of Boro-Bodoer, some thirty-five miles from Djok-Djokarta (pronounced just the way it's spelled, thank you), the ancient capital of Java. The temple is one hundred feet longer than the pyramid of Giza and rises in five terraces. According to tradition the temple was built by an architect of high rank to win the love and regard of his seventh-century sweetheart. She told him to build her the finest temple on earth within a year and she would say "Yes." Well, when our hero was showing her about the completed temple on the day specified



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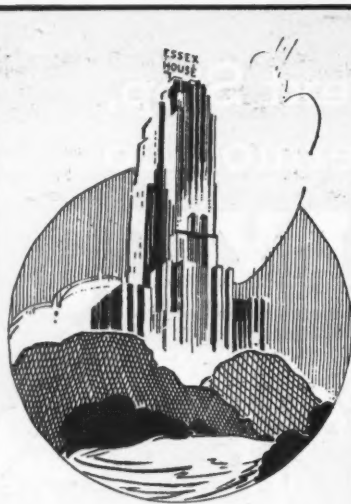
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she managed to find a flaw in one small statue, and turned him down to marry somebody else. You can draw your own moral from this story. Anyway, Borobodor is a tremendously impressive monument to Gautama Buddha, the man who renounced his birthright, forgave his enemies, and sought after Truth.

From time out of mind, many of our friends have been afflicted with post cards and cheap reproductions of the Taj Mahal. The original can't possibly look as bad as the post cards, but the only way we can make sure is to go to Agra and see it, walk in its gardens, meditate within its walls. A strange title has been fastened upon the Taj Mahal. "The most beautiful building in the world." This is a good deal like saying that Rembrandt was a good painter.

Lately, we have been reading Mr. Sven Hedin's descriptions of the East, and more particularly his adventures in Tibet. If possible, we should like to experience something of his emotion on penetrating the mountain strongholds of Asia. Possibly if we got a glimpse of the Great Wall of China, it would help. Recently we have become enthusiastic over the paintings of Nicholas Roerich, which express the spirit of the mountainous East as few other paintings do. Perhaps we might get to see Peiping. We would like to walk down Jade Street, Embroidery Street, Lantern Street, Silver Street. Such names remind one of London's Petticoat Lane, Cherry Garden Street, Allhallows Lane, or Plumtree Court.

In Egypt we should like to see Luxor, Karnak, Thebes, and the Valley of the Kings. Architecture is an extremely interesting though tremendous field of study. Today, while we might not be

able to give you the exact proportions of the Parthenon, we at least know Doric from Ionic and appreciate the fact that Egyptian architecture, in many ways, was the grandfather of them all.

One can recreate the splendor, glamour and glitter of the centuries when Egypt was the center of the world. In the different periods one sees new ideas rise to brilliant achievements and then dwindle and die. In the temple of Edfu, with its clerestory, we see the first beginnings of the Roman basilicas and the Gothic cathedrals which followed them in medieval times.

We have scarcely begun to enumerate all the places we would visit or the things we would see. To do so would require many pages. And besides the globe-circling trips, there are mid-winter cruises to the Mediterranean, to the Caribbean, to Bermuda, South America, and many other places. A number of professional and business organizations are now arranging their annual conventions on shorter cruises. Thus does business wed pleasure.

In short, the people who are always talking about it "being a small world after all" don't know what they are gaffing about. What they mean is that travel these days is fast, pleasant, and cheap. It takes less time to get where you want to go. This planet, for all the geologists say, hasn't shrunk a bit. As we say, we have seen something of the world; we want to see more. We would like to visit every country on the map, and a few off. There used to be an old joke about a man who was told that he was going blind. We would like to be able to say, as he did, "Oh well, I don't mind. I've seen everything."

—Jo Chamberlin

Sight Saving

Continued from page 43

to melancholia in sensitive persons, although light gray may be quite restful. Red usually induces temporary stimulation, followed by nervous reaction, sometimes accompanied by a headache. Blue usually appears colder than it really is, and is conducive to contentment, depending upon the shade. In one office after the walls had been changed from buff to blue, it was found that the temperature had to be kept several degrees warmer for the comfort of the occupants. Green and yellow increase vitality and amiability in many people and are recommended for hospitals and similar institutions. Of course there are wide ranges in tones.

Color has countless industrial uses. Dangerous or moving parts of machinery can be painted a brilliant orange. Corners, baseboards and walls can be painted a light tint which has been shown to reduce the refuse thrown on floors and thus maintenance costs. Shoe manufacturers have found that when machinery was painted in vivid hues, not only were they kept in better condition but visibility was increased through contrast. Hosiery companies have found certain colors for machinery and for inspection tables to be of great aid in the close work demanded in this

industry. The use of color in identifying wires and pipes is common.

It is too bad that electricity costs money to produce. It also takes time and trouble to manufacture good fixtures and to prepare good paint. Large window areas mean larger heating bills in the winter. Higher wattages in electric lights mean higher lighting bills. Good vision is not to be had for the asking.

The increase necessary for adequate lighting, however, is not great. The average family spends about \$20 a year on lighting, considerably less than it spends to see John Barrymore, Mae West and others perform upon the screen. It would not appear that the future of the film industry would be jeopardized with the expenditure of a few cents less on movies and more on good light. No star would be forced to sell his polo ponies or give up his yacht, and the eyes of our citizens would benefit materially.

The truth is that our lighting systems need overhauling. A world of progress in lighting has been made in the past ten years; more must follow. It is about time that our eyes, which do 80 per cent or more of the world's work, got some decent hours and better working conditions. Home is a good place to begin.

European Tinder Box

Continued from page 21

Prior to 1933, there was no uncertainty as to how the Saar would vote when it became time for the election. The sentiment was almost unanimously for re-annexation to the German fatherland. Then came the Hitler regime of January, 1934, and with it came censorship and the abolition and persecution of rival political parties within the Reich. The Saar area, under League of Nations protection, became a sort of sanctuary for German democracy and for German political exiles. Catholics, pacifists, trade-union leaders, and reds flocked to its sheltering hospitality. Native Saarlanders were intensely Catholic, and a sizeable proportion of the coal-miners were communist in their economic creed. A strange coalition of Catholics and communists—directed against the Nazi state—resulted. It was analogous to a similar Catholic-communist coalition in Alsace, directed in this case against the capitalistic and anti-clerical French republic.

Meanwhile Nazi elements in the Saar organized into the German Front, which waxed strong and employed terroristic methods against the anti-Nazi elements in the Saar. The League commissioners have been sorely troubled by this internal dissension, and the coming election promises to resolve itself into an exceedingly stormy affair. It is feared that the Saar Nazis will offer violence at the polls, and draw up blacklists of those liberal elements which oppose annexation to the Nazi Germany of Hitler. Every form of propaganda has been employed to further the German cause in the coming electoral battle.

It has become evident that the voting must be supervised by some sort of competent military force, to preserve order. It is said that Spain, Holland, and nearby Luxemburg have been requested by the League to furnish neutral-minded troops, but that all three of these objective nations have politely declined. United States marines would, of course, be an ideal policing force after their varied Nicaraguan and Haitian experiences, but America is not a League of Nations member and to ask Uncle Samuel to send his kennel of devil-dogs would be too much. As this

is written, four months in advance, anything may happen—but probably, as usual in European post-war politics, nothing will upset the peace apperect.

Behind the scenes, French and German heavy industry are on surprisingly good terms. French iron from Lorraine and German coal from the Ruhr need one another, and the plutocratic Baron Franz von Papen, with his French-industrial wife, has acted as a convenient go-between, along with Francois-Poncet, French ambassador in Berlin. Unfortunately, the international armament-trust figures comfortably in this liaison through the German Steel Trust and the Comité des Forges, of which Herr Thyssen and Monsieur Schneider are leading figures. Were there a war between France and Germany, Franco-German armament amity would probably be increased rather than lessened, through the inviting medium of profits.

Referendums similar to that coming in the Saar were held in a number of disputed areas at the close of the World War, in order that the wishes of the local inhabitants might be accorded full recognition and proper self-determination. Votes took place in Schleswig-Holstein, between Germany and Denmark; in East Prussia, between Germany and Poland; in Upper Silesia, between Germany and Poland; in Burgenland, between Austria and Hungary; and around Klagenfurt, between Austria and Yugoslavia. Some of these electoral affairs were extremely disorderly and of dubious validity, especially the Upper Silesian election of 1921.

And yet, so strong is the force of modern nationalism that the Saar will probably vote itself back to Germany—even if by the closest of margins. Despite economic and democratic advantages enjoyed under the League, and with the blessing of France, the dynamic cause of *Grossdeutschum* (or Pan-Germanism) will doubtless triumph, as it would in Danzig if a vote were held. If the Nazi movement in Germany is founded upon a virulent anti-semitism, it is also based on a sense of Teutonic racial solidarity which is exceedingly hard to beat.

International Racket in Arms

Continued from page 47

developments, and more especially by providing its customers, the governments large and small, with loans to make their purchases. France especially has used this method of gaining power over the small countries: loans by French banks, guaranteed by the French government, to buy French armaments.

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Dividends for Consumers

Continued from page 39

and salaries; 38 billion for raw materials, and the balance of 20 billion was used for depreciation, interest on borrowed capital, taxes, and dividends. Assuming that the entire 38 billion dollars spent for material passed ultimately into the hands of consumers as wages, we would still have a situation where business produces \$7 worth of goods and provides only \$5 worth of buying power to consumers. It is the function of the consumer's dividend to provide that extra \$2 to absorb the products of industry."

Soft-Boiled Theorists

EDITOR—"If that demonstrates anything it demonstrates a perfect example of arrested analysis thoroughly characteristic of our Brain Trust. You say that 20 billion of the 70 billion dollars of goods produced in 1929 was used for depreciation, interest on borrowed capital, taxes, and dividends, and that this created an air pocket in consuming power. When a corporation charges a million against income for depreciation it does not mean the removal of that million from consumption. It is represented either by a million in cash, an equivalent amount of other assets, or new equipment. The fund is not buried. Even if left in the bank it is loaned to some borrower who will use it in the purchase of goods or services.

"If the corporation does not repair its plant to the extent of the depreciation charge, or keep the charge in some other material form, it may convert the sum into government bonds the proceeds of which certainly pass into circulation. The same point may be made more clearly and with greater force where funds are paid out as taxes. These are immediately converted into mail-carrier's wages, the salaries of judges and government officials, or materials, in each case going to consumers. Only a jaundiced myopia can assume that dividends and interest on borrowed capital are sealed hermetically and thus denied entrance to consumer markets."

MERCHANT—"Some of this is over my head, but I still can't see why it would not be a good idea to give the consumers a little help since the Government has always seen fit to give the producers a boost."

EDITOR—"Where would you get the money?"

EX-BANKER—"That sounds like Ogden Mills. The question 'Where will the money come from?' is regarded as the final, unanswerable argument to any program of social aid."

EDITOR—"It is fellows like Ogden Mills who must in the end pay for these crackpot schemes, who consider the question both relevant and conclusive. Naturally those on the receiving end, those who would collect the consumer's dividend, profess to see cobwebs hampering the mental processes of the taxpayers."

Just then a waiter paged the ex-banker. The editor and the newspaper man, consulting their watches, found they had abused their lunch hour.

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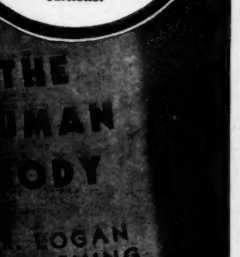
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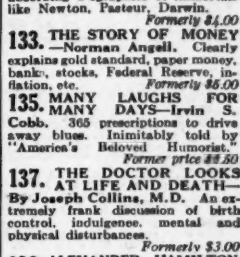
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